other carrier, nor do we allow any other carrier or person to use our operating rights.

We analyzed our records for the three months' period ended August 31, 1948, and during that period, we transported 10,673 loads of freight. Of this number, 8,149 loads, or 76.4 percent, were carried on our trucks. 784 loads, or 7.3 percent were carried on our own trailers using a leased tractor. 1,740 loads, or 16.3 percent, were carried on leased equipment.

An analysis covering the same period was also made of the total tonnage hauled by our own units as compared with leased equipment. During the period covered, the total tonnage hauled amounted to 252,423,300 pounds. Of this amount, 73 percent was hauled on company-owned units, and 27 percent by leased equipment on a trip-lease basis.

It is, of course, a known fact that certain sections of the United States are more highly industrialized than others, and for this reason, there is an uneven flow of traffic daily between certain areas. Also, the freight received from our regular shippers varies from day to day.

Transportation of unanticipated tonnage in leased equipment is a very important function of the motor transportation business. The exigencies of motor transportation are such as to necesstitate the use of trip-leased equipment, in order to serve the shipping public, adequately, efficiently, [fol. 1827] and economically. The use of trip-leased equipment under these circumstances definitely reduces the number of vehicles using the public highways, and thereby reduces accident exposure, and promotes public safety.

It would not be economical or feasible for us to increase our own equipment to handle this freight because the amount of overflow is different from day to day at each terminal, and we cannot always have the equipment in the right spot at the right time.

Further, the rate structure of the common carrier industry is not sufficient to pay the cost of the outbound loaded trip, and absorb the empty mileage on the return trip.

Summarizing our position in this matter, we believe:

1. The use of leased equipment on a trip lease basis fills a very definite need, and is a "must" for efficient, and

economical operation in our business, redounding to the benefit of the shipping public as well as ourselves.

2. The use of trip leased equipment by responsible carriers is not a hazard to public safety, but on the contrary, promotes public safety. Supporting this statement, I call attention to the fact that the use of trip leased equipment reduces exposure to accidents, in that it minimizes the number of empty or partially loaded vehicles operating on the public highways.

3. The general public and the shipping public are fully [fol. 1828] protected when leased equipment is used under our cargo, public liability, and property damage, insurance policies, which are on file with the Commission, and the various states in which we operate, the same as when company-owned equipment is used.

4. To eliminate the use of trip-leased equipment would have a crippling and devastating effect on our company, which we have spent years in building up to serve the shipping public, and in which we have invested several millions of dollars.

By Mr. Ellis:

Q. Mr. Gotfredson, I would now like to direct your attention to the papers which have been marked for identification as Exhibits Nos. 19 and 20. Do you have those before you?

A. I do not have the markings.

Q. Maybe yours were not marked. I will give you my two there. In your prepared statements you gave certain information taken from the summaries of these two exhibits. Will you now turn to Exhibit No. 19, and briefly explain it so that any one desiring to study it may do so intelligently?

A. Exhibit 19 is a statement showing a comparison of the out-bound tonnage handled by company-owned units and hired-operated units. This exhibit covers outbound tonnage only.

Q. The sub headings show the various terminals of your company and explain the other columns; is that correct?

A. That is right.

Q. Now, would the same explanation apply to Exhibit

No. 20, except it covers on a different basis, that is of [fol. 1829] loads rather than tonnage?

A. That is correct.

Q. I now would like to direct your attention to a paper which has been marked for identification as Exhibit No. 21. Do you have that before you?

A. I do.

Q. Explain briefly what that is intended to show.

A. Well, the statement, Exhibit 21, is a statement showing the empty mileage and increased cost by terminal stations if the tonnage now handled by hired operated units was handled by company owned equipment. It covers one month ending May 31, of this year.

Q. Am I to understand that in the last column there, a figure 32 thousand dollars plus, is the additional cost which would have been incurred by your company had you been forced to handle certain equipment, certain shipments by company owned equipment rather than leased equipment; is that right?

A. That is correct.

Q. And that would be because of having to run the company owned equipment empty back to the point of origin; is that right?

A. That is right.

Q. Now, if you would project that to an annual basis, what would be the annual cost to your company approximately of being compelled to cease to use trip lease equipment?

[fol. 1830] A. About 350 thousand dollars.

Q. Mr. Gotfredson, at the Washington hearing Director Blanning in his testimony made some reference to conditions existing in connection with trip lease operators from the time they would quit working for a company such as yours until they began working for another company, and indicated that the general public would be perhaps without insurance protection during that period. Similar testimony was given this morning by witness Girard. Do you have in mind the situation to which I am calling your attention?

A. I believe I do.

Q. I will ask you if you caused an investigation to be

made to determine in which states where your company operates there are financial responsibility laws governing motor operations?

A. Yes.

Q. What states have such laws?

A. The states in which we operate which have financial responsibility laws are Michigan, Ohio, Illinois, Indiana, Kentucky, New York, Pennsylvania, Missouri, Wisconsin, New Jersey, Delaware, West Virginia and Kansas.

Q. And is that, in fact, all the states where you operate?

A. Yes sir.

Exam. Lawton: Pardon me. When you use the term "financial responsibility" are you talking with respect to the owner-driver or the employing carriers?

[fol. 1831] Mr. Ellis: I am talking about the owner-driver, Mr. Examiner. I am getting this testimony before the Commission for the purpose of later making reference to this matter on brief. For example, I have here with me copies of the financial responsibility laws of my state, and I want to point out in the record that they exist in every state where we operate, and I want to call to the attention of the Commission at the proper time the fact that the public is completely protected by those laws because they cover these men from the time they leave our employ until the time they start working for some certificated carriers.

Exam. Lawton: In other words, they must themselves provide security to the public for the operation of their vehicles.

Mr. Ellis: Or have their drivers license and their license plates taken away from them. That is the provisions of the Indiana and Illinois law in a nut shell.

Mr. Todd: However, Mr. Examiner, many of the other laws of the various states differ. For example, in Virginia, it is a rule similar to the thought, a dog is entitled to one bite. You can carry no insurance until you have your first accident and are unable to satisfy a judgment, and then you have to get insurance.

Exam. Lawton: How are we going to get into the record the laws of the various states on this particular point?

Mr. Ellis: I was going to suggest, Mr. Examiner, I think

it is a very important point, and while I am not seeking to unduly burden the Bureau of Motor Carriers at Wash-
[fol. 1832] ington, it seems to me if a similar study or investigation like the one where they found out what the states were doing as to leasing, would be indeed very pertinent, to find out what the fiancial responsibility laws are governing these leased operators, where it might be said they are not working for a certificated carrier. I would like to suggest that it be done, if possible. If not, I am in position to furnish to the Commission the Indiana law. I would assume counsel from the other states could produce that for their states.

Exam. Lawton: Mr. Jessup, do you think the Bureau could make such a compilation, digest of the record?

Mr. Jessup: I don't know how complicated is the law. You want a digest of it?

Mr. Lawton: No; it can be ascertained whether they require these truck operators to carry protection, make them financially responsible.

Mr. Jessup: We might be able to get that.

Exam. Lawton: It might even go in as a late exhibit after the close of the hearing if it can be done.

Mr. Ellis: I would like very much to see that done. If it is not done I propose on brief to cite the various states where we operate, and go to the statutes myself, and make a brief digest for the benefit of the Commission on those states, but I am in no position to do it throughout the
[fol. 1833] United States because my law library is not that extensive.

Exam. Lawton: Let us pass that.

Mr. Jessup: Could I tell you about that Monday?

Exam. Lawton: We could let you know Monday.

Mr. Todd: Well, I should not be surprised that the Commerce Clearing House have service on that.

Exam. Lawton: Probably they do. Probably there are sources from which the information could be obtained readily.

Mr. Ellis. Well, I am not at all attempting to have witness Gotfredson say what is in these laws. I am just having him testify that they are in existence. He did make that investigation.

Mr. Eldred: That is not going to be a subject to cross-examine on. I mean, he has made a statement here there is financial responsibility. There is no such thing in New Jersey. Until he has an accident of a certain amount, he is entitled to the first accident and kill half a dozen people, he may not have a cent. There is no financial responsibility there. Then he operates under his wife's name or some other name. So if this witness is not going to be subject to cross-examination on this, I think the statement should be withdrawn.

Exam. Lawton: I take it he will be subject to cross-examination to the extent of his knowledge.

Mr. Ellis: Shall I proceed now?

Exam. Lawton: Proceed.

[fol. 1834] By Mr. Ellis:

Q. Mr. Gotfredson, I now want to call your attention to another matter. I do not believe I asked you this question, as to Exhibits Nos. 19, 20 and 21, were they prepared either by you or members of your staff working under your supervision and direction?

A. By members of my staff.

Q. Are they true and correct to the best of your knowledge and belief?

A. They are.

Q. Now, I would like to direct your attention to another matter. Did you have a study made by members of your staff as to the total number of accidents in which your company was involved in the year 1947, and broken down as between units operated and owned by the company full time employees and trip lease equipment; did you make such study?

A. I did.

Q. Now, on that basis of accidents per 100,000 miles in the year 1947, what was the percentage for company owned equipment?

A. 3.8 percent, 3.8 accidents.

Q. What was the number per 100,000 miles of accidents for leased equipment on a trip lease basis?

A. 1.5 accidents.

Q. Did you have a similar study made for the year 1948 for the period January 1 to August 31?

A. I did.

[fol. 1835] Q. And per 100,000 miles operated what was the number of accidents with company owned units?

A. 3.1.

Q. What was the number for leased units used on a trip lease basis?

A. 1.8.

Mr. Wheeler: May we have the last two questions and answers read back?

(The questions and answers were read.)

By Mr. Ellis:

Q. Mr. Gotfredson, at the morning session witness Girard made some statements to the effect that the trucking business has now reached a new low ebb, that regulation was at its worst status since the Motor Carrier Act was enacted, and that the public relations of the motor carrier industry were bad, or as I recall it, and further, as I recall his testimony, he ascribed all of those conditions that he pointed out principally at least to the use of trip lease equipment. Now, as president of a company which operates in a considerable portion of the United States I would like to know whether or not you agree with those statements of that witness?

A. No sir, I do not.

Q. What is your idea of the present status of the public relations, regulations and the standing of the trucking industry of the United States?

A. I think the trucking industry generally in the United States has never been in better condition from every stand-[fol. 1836] point, both as to public relations, as to their improvement in their operating and as to their operating ratios.

Q. There was considerable criticism of the Interstate Commerce Commission for alleged failure to enforce the law in its rules and regulations. What has been your experience along that line?

A. May I have the question read?

(The question was read.)

A. We found the Commission to be very alert in enforcing their regulations.

By Mr. Ellis:

Q. One other question, Mr. Gotfredson. I understand that you are here principally to oppose the entering of any restrictive regulation which would prevent your company from trip leasing equipment to supplement your company owned equipment; is that right?

A. That is correct.

Mr. Ellis: At this time, the respondent, Transamerican Freight Lines, Incorporated, offers in evidence separately and severally, its exhibits Nos. 19 to 21, inclusive.

Exam. Lawton: Is there any objection?

If not, they are received.

(Respondent's Exhibits Nos. 19, 20 and 21, Witness Gotfredson, received in evidence.)

Exam. Lawton: Is the witness ready for cross-examination?

[fol. 1837] Mr. Ellis: Just one other matter.

By Mr. Ellis:

Q. There is one other matter, Mr. Gotfredson. In the event the overflow freight which you have at Chicago, Illinois, for example, which regular stationed company owned pieces of equipment can't take care of in an emergency, if trip leasing were prohibited how would that freight probably move between Chicago and Milwaukee, Wisconsin, for example?

A. Probably through interchange.

Q. With?

A. Mr. Girard's members.

Q. Mr. Girard's members.

Mr. Ellis: That is all. Thank you. You may cross-examine.

Cross-examination.

By Mr. Eldred:

Q. Mr. Gotfredson, are there any abuses in the trucking industry today in connection with trip leasing, in your opinion?

A. I can only speak for our own company.

Q. You would not want to speak for the industry in general?

A. No sir.

Q. Do you know of any abuses of your own knowledge?

A. Not to my own knowledge, no.

Q. And it is your position then, I gather, that there is no need for any further rules by the Commission to control leasing?

A. I did not say that.

Q. Well, what then would you suggest that the Commis-
[fol. 1838] sion do to control leasing?

Q. I think the Commission—I would prefer that the Commission leave the matters status quo.

By Exam. Lawton:

Q. Even though there might be some abuses on the part of some carriers and some owner-operators?

A. Well, Your Honor, I don't feel that the trip lease should be singled out as such and banned by the Commission.

Q. Well, assuming it is not banned, do you have in mind any rule or regulation that would tend to prevent any abuses that might exist and still permit trip leasing; do you have any suggestion along that line based on your experience?

A. I do not know of any regulations that are not now in existence, if they were carried out and followed up by the various carriers why there should be any abuses under our present leasing arrangements. I do feel, however, that a company is more stable—I am speaking from a carrier's view—is more responsible if it owns its own eqiupment, and has its investment in that equipment. I do feel, however, a need for the trip leasing as such. If the trip lease

were banned then I feel that all types of leasing should be banned because then the company owning its own equipment would not be on a competitive basis with those companies who lease exclusively.

Exam. Lawton: Proceed, Mr. Eldred.

By Mr. Eldred:

Q. Do you lease your vehicles with driver?

A. Yes.

[fol. 1839] Q. Do you put the driver and the vehicle on your payroll that you lease?

A. No sir.

Q. On what basis do you pay for the use of the vehicle and the driver?

A. We have several bases on which we pay. We pay on, in some instances on a tonnage basis; in some instances on a mileage and tonnage combined.

Q. Do you see any need for paying on a percentage basis of revenue?

A. I see no reason why a carrier should not be permitted to pay on a revenue percentage basis.

Q. Do you think that is a desirable basis?

A. I think that is a matter that should rest between the lessor and the lessee.

Q. But you do not use that method?

A. We do not use it ourselves.

Q. Now, do you know when you lease a driver and vehicle the number of hours that he has been working for days previous to when you engaged him?

A. We do.

Q. How do you know that?

A. By accepting his word.

Q. That is all. You never have copies of any logs?

A. Oh, yes, we do.

[fol. 1840] Q. Of his logs?

A. Very often.

Q. Well, regularly?

A. I would say more often than not so.

Q. Of course, you would have no knowledge at all how

soon he might start working for someone else after you released him?

A. We are not interested in that.

Q. Now, if I understood your testimony, you use approximately one hundred owner-operators or owners of trucks?

A. About 150.

Q. One hundred and fifty?

A. Right.

Q. So that for the month of May these 150 would only average then approximately a trifle over two trips a month for you, is that correct; you stated you had 323 trips? That is on Exhibit No. 21, Mr. Gotfredson.

A. Exhibit 21 shows the number of trips, the outbound trips from or the inbound trips to each terminal, in our system, and I think the exhibit explains itself.

Q. Well, that then is the number of trip leases that you engaged in in that month, is that correct?

A. That is correct. No—that is the difference, that is the difference of the mileage between the balanced and the unbalanced movement of our hired equipment.

Q. Well, now, how many—let me get the record straight. [fol. 1841] How many trip leases did you engage in that month?

A. I refer you to—I don't know as I have that record here with me.

Q. Take your Exhibit No. 21 here. This is supposed to show the statement of empty mileage and increased cost by terminal stations tonnage, if the tonnage now handled by hired operated units was handled by company owned equipment.

A. Yes sir.

Q. Now, as I understand the purport of the exhibit is to show that there was a trip outbound. Now, this would be coming back to your point of origin where the shipment was made from, empty, so, therefore, you had a lease trip going out; isn't that true?

A. That is correct. Now, under Exhibit No. 20, if you will examine that, it shows a three-months period of hired equipment versus company owned equipment. There were 2524 trips with leased equipment as against 8149 company owned equipment. That shows the total leased and com-

pany operation, whereas on Exhibit 21 it only shows the unbalanced or empty miles we have had to travel in order to handle the overflow freight at any one point during that month.

Q. Well, now, for the month of May, why did you particularly take the month of May, sir?

A. We could have taken any other month. We did not particularly pick on May.

Q. I notice that May is not included in the other exhibits; you start on June 1, as I understand it, on those other [fol. 1842] exhibits.

A. Well, regardless of what month we would pick, May is a month in which our tonnage is neither at its highest nor its lowest ebb.

Q. Well, now, do I understand, so we have the record straight, that you did for the month of May, make 323 leases with owner-operators that month?

A. No. We made more than that.

Mr. Ellis: We object. Just a minute, Mr. Gotfredson. The testimony shows that that was one way trips where they were not loaded back. He made other leases where we loaded them in both directions, but they have been excluded from this exhibit for that purpose, and the witness so testified.

By Exam. Lawton:

Q. Is that correct, Mr. Gotfredson?

A. That is correct.

By Mr. Eldred:

Q. Well, then, you make take Exhibit No. 20. As I understand for the three months period there you made approximately a trifle over 2400 leases for that period?

A: 2524.

Q. And the average of that per month would be, say 850 roughly. And then you used 150 operators, is that correct?

A. Yes, that is right, 150 operators. Among the 150 operators a number of them only made one or more trips.

Q. The average then would be around between five and six.

A. You can't strike an average and arrive at any conclusion.

[fol. 1843] Q. What is the average haul on your system of freight; have you ever figured that out?

A. Approximately 350 miles.

Q. So the average of this empty mileage would be a trifle more than your average haul; isn't that true, trips that you indicate here?

A. Well, I have never really figured that out.

Q. Now, I would like to ask you again, isn't May a period of rather heavy movement, one of the heavier months in the year?

A. May is not, has not been the heaviest month in the year for us. As a matter of fact, September was considerably higher than May, and October was higher than May.

Q. Up to the first of September, wasn't May your heaviest month?

A. No, I think no. I think August was heavier than May.

Q. Well, how is it you did not take August as one of the months that you made your other studies during the month of August?

Mr. Ellis: May I have that question?

(The question was read.)

Mr. Ellis: I want to object to any hint here to indicate that we picked any month to distort this picture. We began trying to get ready for this hearing when we knew it was getting along. The preparation of Exhibit No. 21 involved a lot of work.

Mr. Eldred: Mr. Examiner, I am asking the witness, he can answer the question. I object to this statement. I am [fol. 1844] not trying to cast any aspersions on anybody at all.

Exam. Lawton: We have an objection to a question, and an objection to an objection. Let's have a little order here. Read the question.

(The question was read.)

Exam. Lawton: Overruled.

A. We picked May not because it was May, but just—we picked it at random. Any other month would have revealed approximately the same result.

By Mr. Eldred:

Q. You gave us the number of accidents per 100,000 miles of travel. Could you give us the accidents in numbers, sir; do you have that information with you, the actual number of accidents?

A. The number of accidents is stated on the—for what period?

Q. Well, 1947 figure, sir, and then also for the same period in 1948.

A. The number of accidents with company owned units in 1947 was 330, and with hired operators operated units, 60. The number of accidents involving company owned units from January 1 to August 31, 1948, was 232, and number of accidents involving hired operated units for the same period was 47.

Q. Now, these were the accidents in which the owner-operators were engaged in while they were under lease to you, is that correct?

A. That is correct.

[fol. 1845] Q. You have no knowledge of what other accidents these operators might be involved in?

A. I have only a record of the number of miles they operated for us and for a given exposure, the number of accidents they had while they were operating for us. As to their overall record, I am not familiar with it.

Q. So that your comparison is the complete years record on your own vehicles, and then the time that they have been operating for you?

A. Both of them, however, are based on the number of miles operated.

Q. Now, as to the leased operators, are they engaged in any pickup and delivery service?

A. Sometimes, yes; very often.

Q. How many, what proportion of these carriers are engaged in pickup and delivery service?

A. They are engaged in pickup, practically all of them are engaged in pickup and delivery service.

Q. Well, now, I am referring to a truck that is engaged

exclusively in the pickup and delivery service and does not take part in over-the-road operations. Do you lease any such vehicles as that?

A. We lease those, too, yes.

Q. Now, how frequently do you lease those?

A. Every day.

[fol. 1846] Q. How many every day?

A. I would not know; a great many.

Q. Are they included in this empty mileage exhibit?

A. Yes sir.

Q. Now, take Exhibit No. 21 before you, sir. As I understand that is all back haul. Could you indicate on Exhibit No. 20 where these pickup and delivery trucks might have been leased?

A. No, there is no indication on this exhibit. However, I would like to point out that in a great number of instances we arrange with the hired operator to pick up and deliver his own load as part of the lease agreement.

Q. Now, what would be the percentage of truck loads to less truck load freight with these owner-operators, that the owner-operators would transport for you?

A. I did not say they picked up truck loads.

Q. I didn't ask you that, sir. I am asking you what proportion of the traffic that the owner-operator hauled for you is truckload as contrasted with less truckload traffic? When I refer to a truckload I refer to a pickup of a truckload and several drop-offs.

A. Well, now, what was your question?

Q. What is the relation between the truckload traffic that the owner-operators haul for you as compared to the less truckload traffic?

A. I would not have those statistics with me.

[fol. 1847] Q. Well, would you say that the great predominance is truckload traffic?

A. No.

Q. You would not?

A. No.

Q. Now, for instance, how many deliveries in New York City would your owner-operator make in his own truck?

A. There is no limit to the number.

Q. So your testimony is that the owner-operator coming

in would make ten or fifteen deliveries in New York City with his own truck?

A. I did not say he would make ten or fifteen deliveries.

Q. Well, what would he do? That is what I am trying to find out from you.

A. Well, he—if arrangements were made for him to pick up or deliver the freight on his truck, he would proceed to deliver whatever he had.

Q. Well, now, how many shipments would you put on a truck for him to deliver in New York City, an owner-operator?

A. How many shipments would I put on his truck?

Q. Well, the company, I am referring to your company, sir.

A. We would put on all he could hold.

Q. Well, how many shipments would it be? I am not talking about the weight of the truckload.

A. There is no standard number of shipments in any particular trailer load of freight. It may consist of one or [fol. 1848] more.

Q. I understand that, but now you know how many you would give the truck driver to deliver in New York, the owner-operator, don't you?

A. I do not.

Q. You have no limit at all?

A. No sir.

Q. And you think that the owner-operator could deliver ten or fifteen deliveries in New York City?

A. I do not see why not.

Q. Do you think he would?

A. He certainly does.

Q. Do you put on another driver with him when he makes those deliveries?

A. Not always.

Exam. Lawton: Are you through, Mr. Eldred?

Mr. Eldred: Just one other question.

By Mr. Eldred:

Q. So I may be clear that I understand your testimony, sir, you have no suggestion to offer the commission in connection with this investigation except to leave it as it is?

A. That is correct.

Mr. Eldred: Thank you, sir.

By Mr. Lordan:

Q. Mr. Gotfredson, might I ask you to turn to page 5 of your prepared statement, the second complete paragraph, [fol. 1849] you state, "it would not be economical or feasible for us to increase our own equipment to handle this freight because the amount of overflow is different from day to day at each terminal and we cannot always have the equipment in the right spot at the right time". Is that generally true throughout your entire operation, generally so?

A. Well, it is true in a number of our terminal points; put it that way.

Q. Starting on page 4, you say, "it is, of course, a well known fact that in certain sections of the United States are more highly industrialized than others, and for this reason there is an uneven flow of traffic daily between certain areas". That is not all concentrated in relatively few terminal areas, but it is quite general throughout the middlewest and east, is it not?

A. That is correct.

Q. Now, might I call your attention to Exhibit No. 19. Will you tell me why it is that the total number of hired unit*ed* operated by you during the three months ending August 31, 1948, were so low in the three cities on that exhibit in Michigan?

A. What exhibit are you referring to?

Q. Exhibit No. 19 I am referring to, in the last column on the right, which gives does it not, the percentage to the total of the use of hired operated units, is that right?

A. That is right.

Q. Now, the first city on there is Detroit, is it not?

[fol. 1850] A. That is right.

Q. So you show one percent of your total out-going tonnage was hauled by a hired unit?

A. That is correct.

Q. Now, you have two other towns in Michigan; you have Flint on the bottom. You did not use any there, did you?

A. That is right.

Q. And in the middle you have Saginaw, or down toward the Bottom. You didn't use any there either, did you?

A. That is right.

Q. Now, how is Michigan different than the rest of the states in which you operate in this question of industrialization and the difference in the balanced movement?

A. Well, you understand that I am speaking as of knowledge of my own company, not of other carriers, but our in and out movement in Michigan is very evenly balanced and, therefore, it is not necessary for use to use the trip lease as we are called upon to do in other states.

Q. Is the industrial situation about the same in Michigan as it might be termed in Ohio or in Illinois or in, with relation to industrialization in various areas?

A. Well, I don't believe I would speak as an expert as to other states. I do know that we are fairly well balanced in Michigan.

Q. Is that because you have better freight solicitation, or better or more evenly distributed business in Michigan [fol. 1851] than in any other state?

A. Well, it may mean that we—Detroit being our home office we would try to be an example to our other terminals.

Q. Let's take a look at the other end of your line. Let's look at New York. What is your percentage of hired operated units in New York as compared to Michigan; what is you situation in New York?

A. New York is 79 percent higher.

Q. That is the eastern end of your run, is it not?

A. That is right. That is one of our eastern terminals.

Q. Philadelphia is another, is it not?

A. Yes.

Q. And Louisville is another extreme end of your operation, is it not?

A. It is, yes.

Q. What percentage of hired units do you operate in and out of Louisville?

A. Sixty-two percent.

Q. Now, is it any more highly industrialized around New York and Philadelphia and hence unbalanced than it is in Michigan?

A. No. The reason for using leased equipment into New York and Philadelphia is quite a different reason than was brought out heretofore.

Q. Is there any coincidence, Mr. Gotfredson, between the fact that your operation in Michigan is on one basis and your operation in New York and Philadelphia on another [fol. 1852] basis, in the fact that the Michigan Public Utilities Commission requires you to have a lease on your equipment?

A. No, it has no connection whatsoever.

Q. You just can't use owner-operators in Michigan, can you?

A. Oh, yes, definitely.

Q. You can't use them on a trip lease basis, can you?

A. We can use them by merely adding them, each operator to our list of certificated equipment in Michigan, which in Michigan's instance does not cost us anything out of pocket to do.

Q. There has to be a copy of the lease on the equipment, doesn't there, Mr. Gotfredson?

A. I believe so, yes.

Q. So that then the arrangement must be made sufficient in advance to have the papers prepared?

A. No, we could permit hired operators to come into Michigan, they could come in at any time as long as their taxes were paid by us. They could not, however, haul for any other operator in to Michigan.

Mr. Lordan: May I ask that that statement be read?

Exam. Lawton: Read the answer.

(Question and answer read.)

By Mr. Lordan:

Q. What do you mean by the statement, "as long as their taxes were paid by us"?

A. The Michigan statute provides for a deposit on each [fols. 1953-1854] vehicle by a for hire carrier.

Q. Does the New York statute so provide?

Mr. Ellis: I don't want to object, but we are not permitting a person here to interpret the statutes of Michigan and New York. He is a layman. The Commission has prepared exhibits, which I understand are supposed to correctly reflect that. I don't care, whatever he knows about it; I don't think his opinion about the laws of the State of New York would have much value in this case.

Mr. Lordan: I asked him if there was any coincidence, Mr. Examiner between the fact that there was a trip leasing provision in the State of Michigan and the fact that his Exhibit No. 19 shows that they do the least amount of leasing in Michigan. Now, he said there was not. There was absolutely no relationship to the situation at all. Now, I proceeded to ask a few more questions to find out whether I think that is true or not.

Exam. Lawton: All right. What is the question?

By Mr. Lordan:

Q. Do you have to pay the taxes of the hired operators in the other states in which you operate, if you use them?

A. Michigan has reciprocity with all the other states, and being a Michigan domiciled company we are recognized as such and, therefore, do not have to duplicate our taxes in the other states.

Q. Doesn't that mean, Mr. Gotfredson, that if you use the hired operator in Michigan and you paid the taxes for his equipment in Michigan you could utilize that piece of [fol. 1855] equipment in say Ohio, New Jersey, Pennsylvania and New York because of reciprocity?

A. If we certificated him in Michigan we could use him anywhere except in Missouri, I guess. I think except Missouri.

Q. I didn't understand.

A. I think Missouri is the exception.

Q. If you utilized the hired operator that you pick up in New York, would you have to pay taxes on him there?

Mr. Ellis: I object to the question because the testimony of the witness is that we do not pick up hired operators. Mr. Gotfredson explained the process through which we go, at least in employing these people, and I object to the question for that reason.

Mr. Lordan: I am entitled to use any phrase I might choose on cross-examination, and your own Exhibit No. 19 shows that you picked up 82 percent of them in New York last year, so I am entitled to put whatever construction I would like on it.

Exam. Lawton: Suppose you use the term "employ".

Mr. Lordan: All right.

Exam. Lawton: It is a little more euphonistic.

By Mr. Lordan:

Q. When you employed the operators that you acquired in New York, which was 79 percent of the truckloads, you operated out of New York, between the first of January and August 31, 1948, did you assume any responsibility with [fol. 1856] relation to paying their taxes, if you know?

A. We do pay their taxes; when we pay them their rate of hire their taxes are included in what we pay them.

Q. Is that same situation true in Pennsylvania?

A. That is true.

Q. But in Michigan, in addition to paying them their hire, you have to assume the responsibility to the State of Michigan to see that those fees and licenses are paid, is that right?

A. Which we can't deduct from our rate of hire.

Q. Do you deduct it in other states?

A. There is nothing to be deducted.

Q. Beg pardon?

A. There is nothing to be deducted. I told you that in other states where he paid his own taxes we directly paid them or indirectly paid them in our rate of hire to him.

Q. Now, Mr. Gotfredson, in your 1948 test of accidents, I think I have the figures down right, on the trip lease operators there was 1.8 accidents per 100,000 miles, is that right?

A. That is right.

Q. And with owner-operated there was 3 percent?

A. Yes sir, company owned equipment.

Q. Company owned equipment?

A. Right.

Q. The trip lease operation is computed on the one way mileage, is it not?

[fol. 1857] A. I didn't understand.

Q. The accident report is computed on the one way mileage?

A. It is computed on the basis of all the miles, whether he made a one way trip for us or whether the hired operator made a round trip or several round trips. It is on all the miles he operated for us.

Q. Mr. Gotfredson, assume for the benefit of my question that you had two shipments between Chicago and Milwaukee, and one shipment you send in company owned equipment. In that instance the mileage between Chicago to Milwaukee and from Milwaukee to Chicago would show up in your report?

A. No, no.

Q. On the company owned equipment?

A. Not on that particular trip.

Q. Assume the other one.

A. Assuming that the miles were 90 miles between Chicago and Milwaukee.

Q. Yes.

A. If our truck operated to Milwaukee and returned to Chicago there would be 180 miles; if the hired operator operated from Chicago to Milwaukee and back again, it would be 180 miles for him.

Q. Assume you did not have any freight for him to come back to Chicago, then what would be the situation?

A. Well, he would not be operating return for us; he [fol. 1858] would be operating return for somebody else.

Q. And the back haul of 90 miles would not show on your report, would it?

A. No, it would show up for some carrier that hired him back.

Q. Are return loads ever provided by your company, I mean arranged by your company for drivers from other

sources, these owner-operators, or just your own freight is given to them?

A. What was that question?

Q. Do you assume any responsibility with relation to seeing that these owner operators get other business from other sources?

A. No.

Q. What happens to that man when no return load is provided?

A. He is on his own.

Q. What does the driver do, if you know?

A. He is on his own.

Q. Does he solicit a load himself sometimes?

A. I don't know. I never asked him.

Exam. Lawton: Do you mean solicit for another carrier?

Mr. Lordan: Well, from anybody else.

By Mr. Lordan:

Q. You don't know what he does?

A. No, I don't know. We have released him then.

Q. Mr. Gotfredson, if you have no suggestion to the Interstate Commerce Commission with relation to the imposition of rules with relation to leasing, would you say that such states as do have rules should follow the example of the Interstate Commerce Commission and assuming they [fol. 1859] have rules relinquish them or abrogate them?

A. I would say that we would be in favor of abrogating all restrictive legislation on the part of the various states, interfering in interstate commerce.

Q. Once having been granted a certificate by the Interstate Commerce Commission it is your suggestion that the states adopt a hands-off policy to you and permit you to conduct your business as you see fit?

A. As far as the states are concerned?

Q. Yes.

A. Definitely, and that includes their weight laws.

Q. It would be your suggestion, as I understand it, to the State of Michigan in that instance, that it repeal or abolish its leasing regulations?

A. That would be all right with us.

Q. My question was, was it your suggestion?

Mr. Ellis: I might suggest, Mr. Examiner, we are not here making recommendations to the legislature of Michigan.

Exam. Lawton: I sustain that objection. I appreciate the desire of counsel to cross-examine the witness with the experience of Mr. Gotfredson at considerable length.

Mr. Lordan: I have no further questions.

Exam. Lawton: But counsel now have consumed better part of an hour; if you are going to atomize the testimony of every witness through cross-examination we are not [fol. 1860] going to be able to accommodate very many witesses at the St. Louis hearing. I want you to bear that in mind.

We will take a five-minute recess.

(A recess was taken.)

Exam. Lawton: Come to order, please.

Who is next to cross-examine Mr. Gotfredson?

By Mr. Wheeler:

Q. I assume that you have read the proposed rules that are the subject of this hearing today?

A. The proposed rules?

Q. Yes.

Exam. Lawton: The ones that went out with the order.

A. Yes, I read them but I would not guarantee I remembered all of them.

Mr. Ellis: I am going to give the witness a copy if there is no objection.

By Mr. Wheeler:

Q. Don't you now enforce many, if not most of the rules that are proposed here, in your own operation, that is, in your own trip leases?

A. I believe we do.

Q. Why don't you want the rest of the industry to abide by similar standards?

A. It was apparent—I am answering your question—it was apparent that the trip lease phase of our operation

was in jeopardy, and I stated earlier that if the trip lease were eliminated I felt that all types of leasing should be [fol. 1861] eliminated.

Q. What I am referring to here is Rule 2—Augmenting Equipment is the heading of it, and it refers to trip leases, and sets up certain requirements when trip leases are entered into. It would seem from your testimony to date that you enforce many of the requirements that are contained in Rule 2. It was to that rather than to the absolute prohibition against trip leasing that I was referring. I take by your answer that you do not object to the establishment of certain rules and requirements with respect to trip leasing but rather object to the prohibition against trip leasing as such?

A. That is correct.

Q. What is the number of employees at each of your 12 terminals?

A. We have 23 terminals, I believe, all told.

Q. Twenty-three all told?

A. Yes.

Q. Can you give us the number of employees at each terminal?

A. No, I haven't that record with me?

Q. Could you supply that for the record?

A. I would be very glad to.

Mr. Ellis: Would you make it a little clearer, Mr. Wheeler? I am not clear what class of employees are you talking about?

Mr. Wheeler: I am talking about all employees at all terminals.

Mr. Ellis: Our regular company owned drivers are employees of the company as a whole rather than being em- [fol. 1862] ployed in any particular terminal. I would not know how to get the information you want. That is all I am trying to find out.

Mr. Wheeler: Let me ask the witness a question.

By Mr. Wheeler:

Q. Do you allocate certain equipment and certain drivers as between your 23 terminals?

A. What do you mean, allocate?

Q. Do you have them allocated, each driver allocated to a particular terminal as his home base, so to speak?

A. Yes.

Q. Well, with that understanding, can you furnish us the employees at each of your 23 terminals?

A. Yes.

Q. Those that are there permanently in one category, and those that are allocated to it as home base in the second category, as to each terminal?

Mr. Ellis: May we go off the record, Mr. Examiner?

Exam. Lawton: Off the record.

(Discussion off the record.)

Exam. Lawton: On the record.

By Mr. Wheeler:

Q. I would also like some information as to equipment. I assume you allocate your equipment on a similar basis?

A. Our equipment operates all over our system. We could only give you an average number of pieces of equip-
[Vol. 1863] ment that is used by each terminal.

Mr. Wheeler: That will be satisfactory.

By Mr. Wheeler:

Q. Have you read Exhibit No. 2, that was introduced through witness Blanning at the Washington hearing, showing prevalent types of leasing?

A. No sir.

Q. You are not familiar with the contents of that exhibit in which he pointed out some of the difficulties, some of the practices that have been observed by the field force of the Commission in connection with trip leases?

A. I was there during part of his testimony but very little of it.

Q. But you have not read this exhibit through?

A. No, I have not.

Q. So that you have no basis for agreeing or disagreeing with the accuracy of the facts stated therein, or the con-

clusions drawn by the director in connection with those facts?

A. No.

Q. On the bottom of page 4 of your prepared statement you say, "it is, of course, a known fact that certain sections of the United States are more highly industrialized than others, and for this reason there is an uneven flow of traffic daily between certain areas. Also the freight received from our regular shippers varies from day to day." Do you believe that that statement explains the statistics compared on your Exhibit 19 with respect to New York, where you show [fol. 1864] that you handle 21 percent by company owned equipment and 79 percent by hired operators units?

A. No.

Q. Would your statement be the same with respect to the other percentages shown on that exhibit?

A. No.

Q. Why not?

A. For the reason that each terminals has its own operating problems for one thing, and also has its own peculiarities in the way of traffic available for transportation.

Q. Now, are you speaking of the traffic available or solicited and secured by you or your company, or are you speaking of the traffic as a whole destined inbound and outbound to that particular section?

A. I am only speaking for our own company, for no other than our own.

Mr. Wheeler: I have no further questions.

By Mr. Todd:

Q. Mr. Gotfredson, at your various terminals do you have certain small straight trucks that are used exclusively in a pickup and delivery service?

A. Yes.

Q. Are those leased trucks or are they by and large company owned equipment?

A. Both.

[fol. 1865] Q. Where there are leased trucks, are they on more or less of a contractual basis that extends over a considerable period of time, or how is that worked?

A. Not always.

Q. Do you use the services of independent pickup and delivery carriers in some of the areas?

A. Yes, there is no standard method by which we lease city equipment.

Q. Approximately how many of your company owned pickup and delivery trucks do you have?

A. About ninety.

Q. About ninety. Now, did you in the study that you had concerning accidents, include the ninety motor vehicles that are company owned and pickup and delivery service?

A. Yes, and also the miles that they accumulate.

Q. And did you in that accident report take into consideration the vehicles that are under lease to you in local pickup and delivery service?

A. Yes.

Q. What instructions do you give your company employee drivers with respect to the accidents that they are supposed to report to you, are they supposed to report all accidents to you, or are they supposed to only report accidents that involve the personal injury, or involve a certain amount of property damage; what are your instructions in that regard?

[fol. 1866] A. Our instructions are they have to report all accidents.

Q. No matter of what consequence or size?

A. That is right.

Q. Now, is that same requirement imposed upon the trip lease operator?

A. Yes sir.

Q. And are you confident that at all times when they have a small accident when they are under trip lease to you that they report that back to you?

A. Well, they, to our knowledge, have never failed to report it because otherwise we would find it out when the claim was presented.

Q. Well, supposing it does not involve any property damage or cargo loss, or anything like that, just some little small accident happens out on the highway, do you think they report all those accidents to you?

A. I am confident that they do, anything that involves any liability.

Q. I am speaking now, Mr. Gotfredson, of those accidents where there is no liability, no damage done.

A. Well, I would not know of what kind of accident you are referring to.

Q. Well, you know, of course, that there are accidents in which there is no property damage or anything involved, do you not?

A. For example, what?

[fol. 1867] Q. Well, there are instances where someone might bump into the back end of your truck and no damage would be done to your truck, and maybe no damage to the passenger car; that is a possibility, isn't it?

Exam. Lawton: Would that be classed as an accident?

Mr. Todd: Yes, I think it would be an accident. There is not always damage involved in an accident.

A. What is the point of your question?

By Mr. Todd:

Q. The point of my question is this: are the owner-operators that you employ on a trip lease obligated to report accidents of that kind to you?

Mr. Ellis: To which we object because the accidents described by Mr. Todd in our judgment do not constitute an accident. The witness has already testified in his judgment both his own drivers and the leased drivers report all accidents, and we do not think this question goes to things that are considered accidents by the Interstate Commerce Commission.

Mr. Todd: Of course, the only reportable accidents by the Interstate Commerce Commission are those that involve a certain amount of property damage, and I did not understand Mr. Gotfredson's testimony to be limited to accidents of that type, reportable. If his testimony went to only reportable accidents I will withdraw my question.

By Exam. Lawton:

Q. Is that true, Mr. Gotfredson?

A. The driver is instructed to report any accident, no

matter how minor, for fear that later a claim might be [fol. 1868] presented.

By Mr. Todd:

Q. That is true with respect to your company owned drivers?

A. With respect to our hired operators as well.

Q. It is?

A. Yes.

Q. Now, I would like to direct your attention for a moment, Mr. Gotfredson, to your Exhibit No. 19, with particular reference to New York. Is the fact that you handle 79 percent of your tonnage out of New York on trip leased equipment attributable to the fact that you do not have sufficient vehicles that are company owned moving in that point to take care of the traffic that you have moving outbound?

A. No.

Q. Why is it you handle such a large percentage of your outbound traffic on trip leased vehicles?

A. That is a long story but, the reason, the real reason is that we have found that in operating our equipment into New York we have run into jurisdictional disputes, the various union contracts all along the way, and one time we had a strike covering a period of more than five months, and since that time we found that the hired operator eliminated, the use of the hired operator eliminated to a large extent the jurisdictional disputes that we had with the unions.

Q. Is that same explanation also applicable to the fact that you handle 80 percent, or which you did during the [fol. 1869] three months shown on this exhibit, 80 percent of your outbound traffic out of Philadelphia by owner-operator equipment?

A. Yes.

Q. What percentage of the traffic moves out of both New York and Philadelphia, moves into Detroit, Michigan, if you know?

A. I do not know.

Q. Is it a considerable percentage of it?

A. It is only a nominal amount; I mean, Detroit does

not account for a larger percentage from a population standpoint than any of the other points we serve.

Q. Well, of course, Detroit is a rather large city so that even based on population of Detroit it would be some substantial percentage, wouldn't it?

A. Well, it is not a substantial percentage. We get our share of the business out of Detroit and into Detroit from the east.

Q. Do you say that you get your share of the business, do you have some other carriers that are competing with you for business moving out of New York into Detroit?

A. Oh, yes, we have carriers competing with us in and out of New York from all directions.

Q. And do any of those carriers to your knowledge use company owned equipment exclusively for handling the business out of New York?

A. I am not familiar with their operations. I could only [fol. 1870] speak for my own.

Q. Well, I suppose—may I ask you this question: are you familiar with any of the operations of your competitors in and around Detroit?

A. Not too much.

Q. Do you have any competitors in and around Detroit who use trip leased equipment to as great an extent out of that point as you do, out of New York and Philadelphia?

A. I would not know.

Q. You would not know.

A. I would not know.

Q. I believe you, in testifying concerning the abolition of trip leasing, made a statement to the effect that if that were to be done you would prefer seeing all leasing banned, so that a company like your own that operates a large fleet of company owned equipment would be in better position to compete with those companies who are presently using long term leased equipment exclusively, is that correct?

A. That is correct.

Q. Do you in your opinion, Mr. Gotfredson, believe that a carrier, a common carrier of general commodities is in a better position to compete for business when it uses trip

leases exclusively than a carrier who owns an- operates all of its own equipment?

A. Uses trip leases exclusively?

[fol. 1871] Q. Yes.

A. The answer to that would be yes.

Q. Now, directing your attention to Exhibit No. 21, which shows that during the month ended May 31, 1948, had you not been able to use trip leases you would have had 323 empty trips, is that correct?

A. That is correct.

Q. Did you make any investigation, Mr. Gotfredson, to find out whether the itinerant truckers that you used in hauling that traffic were put to the necessity of making empty moves?

A. We made no inquiry as to what they did when they left us.

Q. So that it might have been that the 323 empty trips were made by these itinerant truckers that you used, isn't that correct?

A. It is not at all probable.

Q. But you do not know whether they did or not?

A. I do not think that they could afford to absorb the empty cost of going back any more than we could.

Q. Well, now, I believe in your direct statement you indicated that in this territory that you served that there are some areas that are more industrialized than others, and that for that reason there is a certain unbalance of traffic, isn't that correct?

A. Yes.

Q. So that where that condition exists, Mr. Gotfredson, isn't it true that somebody is going to have to stand the [fol. 1872] cost of the empty mileage eventually?

A. Well, I can't agree with it, nor can I disprove the statement.

Q. Well, if there is more traffic moving out of a given point than moving in——

A. I didn't finish my statement.

Q. Oh, I beg your pardon.

A. We may have a condition of overbalance from one city to another city, whereas another carrier, in the case of another carrier the reverse may be true.

Q. But in your direct testimony I take it that you are talking about a general condition in the area rather than your own particular operation, are you not? You point out that these areas are more highly industrialized and that there is more traffic moving out of them; you are not confiding that to your own particular business. Is that statement true or not?

A. I confined it entirely to our own operation and I am not testifying on anybody else's operation. That has been our experience.

Q. Then your testimony then should be rather that with your own particular company there is an unbalance of traffic, is that correct?

A. That is correct.

Q. And you don't know whether that is attributable to the fact that a particular area is highly industrialized or to [fol. 1873] maybe the short comings of your solicitation forces?

A. That may be true.

Q. But let me ask you this question again, Mr. Gotfredson, assuming with me for a moment that there are areas in which there is more traffic moving outbound than there is moving inbound, and a definite unbalance of tonnage, isn't it true that someone is going to have to stand the cost of the empty mileage in order to handle the outbound traffic?

A. You are asking me the same question which I have already answered.

Q. No; I asked you to make an assumption with me. You evidently in answering my question previously pointed out it only applied to your particular company, not to the area?

A. That is correct. I will stick with that.

Q. I will ask you to assume with me, for the moment, that there are areas in which there is considerably more traffic moving outbound than there is moving inbound. If that outbound traffic is going to be handled isn't somebody going to have to stand the cost of brin-ing trucks empty into that particular area?

A. Well, sir, we are not assuming anything. What I have given you are facts.

Exam. Lawton: Please don't argue with the witness, Mr. Todd.

Mr. Todd: I am not arguing with the witness. If he does not want to make the assumption that is something else.

Exam. Lawton: That is a matter of economics. Where you got a lack of balance in matters of that kind, of course [fol. 1874] there is a cost there that is going to be distributed somewhere.

Mr. Todd: I am trying to get the witness to testify to that, Mr. Examiner.

Would you read my question?

(The question and answer were read.)

A. That is my answer.

By Mr. Todd:

Q. Now, would you mind answering my question?

A. You are asking me to assume.

Q. Yes.

A. To agree with an assumption that you have made.

Q. I am not asking you to agree with me. I am asking you to make that assumption and then tell me whether I am right or wrong.

A. Sir, I am not here to make any assumptions. I have told you what our figures reveal.

Mr. Todd: Mr. Examiner, I think that the witness, who has testified at length concerning this subject, a man who obviously has spent a good many years in the industry, should be in position to answer a very simply question of that kind on cross-examination. I believe it is a proper question or his counsel who is certainly very competent to protect the witness on the stand would have objected to it. I demand an answer to my question.

Mr. Jones: I am going to object at this time on the ground [fol. 1875] the question is requesting information which is not within the scope of this witness to give; that it is immaterial, incompetent, taking up a lot of unnecessary time.

Exam. Lawton: Objection sustained.

By Mr. Todd:

Q. Let me ask you this then, Mr. Gotfredson, if you were unable to use the trip lease equipment as you have in the past, would your company have to absorb the cost of the empty mileage that is shown on Exhibit No. 21?

A. In order to serve the public we would.

Q. Supposing that trip leasing would be abolished except between authorized carriers, and that these itinerant truckers, that you are presently using in trip leasing all were under a long term lease with an authorized carrier, and were available to you through those carriers on trip leasing, would that affect your operation in any way in the use of them?

A. Very seriously.

Q. In what respect?

A. It would promote a monopoly of the use of leased equipment among those companies which are using leased equipment exclusively, and it would discourage companies such as our own from owning any equipment because we would not have a regular list of long term leased operators to draw upon.

Q. You mean a list of short term operators, do you not, Mr. Gotfredson?

A. Short or long.

[fol. 1876] Q. Well, now, at the present time do you trip lease any vehicles from authorized carriers?

A. No.

Q. None at all?

A. No.

Mr. Todd: That is all. Thank you, sir.

By Mr. Lieberman:

Q. Do I understand from your testimony your company is engaged in the transportation of general commodities, is that correct?

A. That is correct.

Q. It handles no household goods?

A. No.

Mr. Lieberman: Thank you. That is all.

By Mr. Idol:

Q. Mr. Gotfredson, are you familiar with the rules for leasing of equipment which are proposed by American Trucking Asspciations as an alternative to the rules submitted by the Commission and reproduced in the order?

A. No, I am not too familiar with it.

Q. If I told you that the regulations proposed by the American Trucking Associations are less restrictive with respect to trip leasing than the rules suggested by the order, presuming that to be a fact, do you think that the A. T. A. proposal would be more favorable to your company than the Interstate Commerce Commission proposal?

Mr. Wheeler: Mr. Examiner, I object to that question. It [fol. 1877] is completely indefinite. He stated he doesn't know either one and he has to take an assumption which may or may not be correct.

By Exam. Lawton:

Q. Is your company a member of the American Trucking Associations?

A. Oh, yes.

Q. You do not know what they propose in this case?

A. No, I am not too familiar with it, Your Honor.

Exam. Lawton: I do not think he need answer that.

Mr. Idol: That is all.

By Mr. Morrow:

Q. On page 5 of your written statement, Mr. Gotfredson, you refer, in the third paragraph, "Further, the rate structure of the common carrier industry is not sufficient to pay the cost of the outbound loaded trip, and absorb the empty mileage on the return movement." Upon what do you base that statement?

A. I based it on our costs.

Q. Well, now, who compiles the rates for your company?

A. We do.

Q. And have full control over those rates?

A. Definitely not.

Q. Who does?

A. The railroads and our competitors as well as the Commission.

Q. The Commission has not prescribed any rates for you, have they?

A. They have not had to.

[fol. 1878] Q. Well, the cost or the rate that is published by your company could be sufficient to take care of any empty mileage that you might have, could it not?

A. It could if we wanted to price ourselves out of the picture.

Q. Does your company operate its truckload primarily on commodity rates or rate exceptions or the classification rating?

A. We have class rates, exceptions to classification, commodity rates, we have all three.

Q. What is the bulk of your truckload traffic, commodity rates or classification ratings, if you know?

A. I have never made a study of it. We hope to be competitive.

Q. What percent of the traffic that moves into Missouri is direct as compared to joint line traffic?

A. That I would not be able to tell you either.

Q. Now, is this statement correct, that on a percentage basis, with reference to your accidents that 3.1 percent of your accidents were chargeable to company owned equipment, and 1.8 percent to leased units; are my figures correct?

A. No. There is 3.1 accidents per 100,000 miles with company owned units and one point eight accidents per 100,000 miles with hired operator units.

By Exam. Lawton:

Q. That was in this year, was it not, 1948?

A. In this year, yes.

By Mr. Morrow:

Q. 1948?

A. That is correct.

[fol. 1879] Q. Now, did that take any particular time, so that—could you give me the dates of those?

A. Do you mean the last figure I gave you?

Q. Yes.

A. From January 1, 1948 through August 31, 1948.

Q. Would you say that that percentage for the eight months would be a light percentage for any one single month, that is 3.1 percent as compared to 1.8 percent?

A. It is not a percentage basis.

Q. Per 100,000 miles.

A. I have given you the number of accidents per 100,000 miles, 3.1 accidents.

By Exam. Lawton:

Q. I take it what Mr. Morrow means to infer would that same relation prevail in each month? Is that right?

Mr. Morrow: That is right.

A. Well, it would seem that that would be correct for the reason that in 1947 approximately the same number of accidents per 100,000 miles obtained.

By Mr. Morrow:

Q. Then, let me ask you this question, I think I can clear up myself and you, was the purpose of showing that percentage to show that the greater amount of accidents occurred with your company owned equipment rather than with leased equipment?

A. That is what it does show.

Q. Now, would you look at your Exhibit No. 20? If my figures are correct, you have 10,000 pounds of outbound [fol. 1880] loads for the 3-month period ending August 31, 1948, and 2524 loads of leased equipment. Now, my figure shows that the amount of loads handled by leased equipment was 23.65 percent. If those figures are correct, then the total number of accidents by leased equipment exceeded the amount by company owned equipment on a ratio of 3 to 1, is that right?

Mr. Ellis: We object to that question, because he misinterprets the accident testimony. It is not an an exactly comparable basis. It was on 100,000 miles, so it would not be comparable, due to the fact the company uses more

of its company owned equipment rather than leased equipment.

Exam. Lawton: That is correct, Mr. Morrow.

Mr. Morrow: I will accept that. Thank you.

By Mr. Morrow:

Q. Where will I find the amount of miles operated? How many miles then did your company operate from January 1, 1948 to August 31, 1948, from where you got those figures?

A. I see. Are you referring to company owned equipment?

Q. Both.

A. Well, the company owned units operated 7,355,512 miles for that period, and the hired operated units operated 2,565,864 miles.

Mr. Morrow: Now, then, Mr. Examiner, since I did mix the record, I will ask that that testimony that begins with reference to the comparing of mileage and the rates be [fol. 1881] stricken. I will get my figures. I had my figures right. This doesn't bother.

Exam. Lawton: You mean your questions?

Mr. Morrow: And his answers with respect to percentages.

Exam. Lawton: With respect to percentages?

Mr. Ellis: He is talking about his own questions?

Mr. Morrow: That is right.

Mr. Ellis: I haven't any objection to his withdrawing those.

Exam. Lawton: You can make it clear to the Reporter just what you want.

Mr. Morrow: I would like to ask since the figures I compiled were on loads rather than mileage as per the exhibit, that those questions and answers be withdrawn.

Exam. Lawton: Does that conclude, Mr. Morrow?

Mr. Morrow: Yes.

By Mr. Woll:

Q. In response to a question put to you by Mr. Todd, I believe you stated that in the situation where you used

leased equipment, and after the load was delivered you did not know what happened to the driver of that leased equipment, that is as to whether or not he secured other loads, partial loads, or not; is that true?

A. That is true. We release him.

Q. In other words, you don't know whether he would come back with a full load, partial load, or no load at all?

[fol. 1882] A. That is correct.

Q. Now, I want to call your attention to the statement contained on page 5, the last paragraph of the page bearing the number 2, you state, "the use of trip leased equipment by responsible carriers is not a hazard to public safety, but on the contrary, promotes public safety. Supporting this statement, I call attention to the fact that the use of trip leased equipment reduces exposure to accidents, in that it minimizes the number of empty or partially loaded vehicles operating on the public highways". Now, there is no factual basis whatsoever then to support that statement, is there?

A. Yes, there is.

Q. What is that?

A. I further testified that in my opinion the hired operators secured or made arrangements to secure his own freight back because neither he could, like ourselves, could absorb the cost of the empty mileage back.

Q. That is the case on your part, is it not?

A. Well, it is not a case. It is a conclusion.

Q. Well, you don't know whether he comes back with a partially loaded truck or a completely loaded truck, or an empty truck, then how could you say that there is reduction of exposure to accidents in that it minimizes the loaded or empty or partially loaded vehicles operating on the public highways?

A. Well, if the leased, trip leases were eliminated we would be running trucks in both directions partially loaded [fol. 1883] or entirely empty, and in that respect it minimizes the exposure to accident.

Q. Well, as a matter of fact, you have no knowledge whatsoever whether these operators of leased equipment actually do come back with completed loads, partially completed loads or empty trucks, do you.

A. I have already testified that I did not know what they did with their truck after they left us.

Q. Do you have any report there as to the number of accidents in which personal injury is involved with respect to company owned equipment and hired equipment?

A. No, and I don't see that that makes any difference.

Q. Do you have any breakdown of the type of accident reported, that is whether or not it is heavy property damage or slight property damage?

A. No, and I don't see where that makes any difference.

Q. Do you think that perhaps a person who is operating your equipment, who perhaps dented a fender would report that where as an owner-operator, who perhaps dented a fender would not report it?

A. I have already testified that our owner-operators and hired leased operators are instructed to report every accident no matter how minor.

Q. And do you make any investigation to see whether [fol. 1884] they do that or not?

A. Well, it hasn't come to our attention as yet that any accident on which there is a claim filed, that it had not previously been reported.

Q. So that you know at least in accidents where claims have been filed they have been reported.

A. Yes.

Q. In using these trip lease arrangements do you attempt to use the same operators as frequently as possible, or do you use new owners?

A. Well, that is more or less the operators choice; if they find that we are a good company to work for they will come back.

Q. What does the history of your company show over the past year in the continual use of operators on trip leases?

A. I would say that we have a good reputation with the leased operators, and that in the majority of instances they come back.

Q. So that your personnel is made up rather largely then of people who do repeat work for you?

A. I would say so.

Q. And what percentage would you say of, oh, occasional

trip operators do you use as compared to those that are used by you quite regularly?

A. I haven't that record with me.

[fol. 1885] Q. It would be greatly in the majority, that is the regularly used owners would be more, would be greatly in the majority?

A. Well, I would not be able to testify one way or the other because I haven't with me the statistics.

Q. Do you have occasions where you have to hire leased equipment in rather a hurry?

A. Definitely.

Q. And when you do that what examination do you conduct insofar as the operators of the vehicle is concerned?

A. We examine both his equipment, his log book and his medical certificate.

Q. And do you know whether or not he has a record of safety or not?

A. Almost always.

Q. And how do you find that out?

A. If he is a new operator, with us, we inquire of his previous employer.

Q. I mean in an emergency situation.

A. Well, we still inquire of his previous employer.

Q. And what do you ask his previous employer?

A. What is record is with their company.

Q. Whether he has accidents?

A. That is right.

Q. And in a situation where you found that he had worked for that employer just a week before and worked [fol. 1886] just once for him, do you go beyond that?

A. We try to.

Mr. Woll: I think that is all.

By Exam. Lawton:

Q. Mr. Gotfredson, I understood you to say that your company participated in joint rates to the points beyond your routes, is that true?

A. That is true.

Q. Now, how is the traffic handled at the interchange

point, generally speaking, does it move on in your equipment where you originate the joint line traffic?

A. No.

Q. It does not?

A. No, it is transferred.

Q. It is transferred, is that right?

A. Yes.

Q. Assuming that the Commission did find it necessary to prescribe rules and regulations and among other things they would undertake to prescribe the terms of the lease even so far as a trip lease was concerned, and suppose that they imposed a rule that would permit leasing on condition that the lessee carrier would be fully responsible in all respects for the vehicle and driver and that that responsibility would continue until a similar contract was entered in to with another certificated carrier. What would you say from your experience with respect to that kind of a regulation?

[fol. 1887] A. I think it is, that regulation would eliminate the possibility of using trip leased equipment for the reason that no insurance company would write a policy in which they did not know what their liability was.

Q. Well, would that necessarily be true so far as the carriers are concerned; some particular carrier at all times would be responsible for that piece of owner-operated equipment, would that be true?

A. That may be true, but the insurance company would not know where their liability began or stopped.

Exam. Lawton: Did I overlook anybody over here,—Mr. LaTourette?

By Mr. LaTourette:

Q. Mr. Gotfredson, do you know to what extent the use of itinerants from the terminal points in Exhibit 21 to a particular destination has influenced the leasing of itinerants from those destinations to other points by reason of company owned equipment not being operated in the first instance?

A. What exhibit are you referring to?

Q. Exhibit 21.

A. That is the exhibit showing the number of outbound loads?

Exam. Lawton: Empty mileage.

A. The empty mileage?

Mr. LaTourette: That is the exhibit.

Exam. Lawton: Empty mileage, increased cost at terminal stations.

[fol. 1888] The Witness: Is that it?

Mr. LaTourette: That is it.

The Witness: I don't have it marked.

Mr. LaTourette: Read the question.

(The question was read.)

A. Well, in the first place, I don't like the use of the word itinerant referring to leased operator, in a derogatory sense, because I have every respect for them. In the second place, I don't know as I also stated in there, the hearing here, that I do not know what the operator does when he leaves us, he is on his own.

By Mr. LaTourette:

Q. Well, my question is this: assuming a vehicle, a leased vehicle going from one of these terminal points to a given destination, what influence does the fact that you did not use an owned vehicle in the first instance have upon the necessity for using a leased vehicle from that destination to which the shipment moved?

A. We would have to come back empty with our own vehicle.

Q. No, I don't think you get what I am trying to convey. You start out with a leased vehicle from a given terminal going to a particular destination. What influence, if any, does the fact that you did not operate a company vehicle on that particular movement have upon the necessity for using a leased vehicle from that destination to another point on the Trans-American system?

A. That is too deep for me. I only know how it affects our own company. If we did not use the leased equipment [fol. 1889] we would have to use company owned equipment and we would have to come back empty.

Q. Now, you don't allocate your equipment to particular termini, as I understand your direct testimony.

A. Well, we do not on a yearly basis. We do allocate certain equipment based on the volume of each terminal to that terminal. The equipment is kept on a specified run, and it may be there fore a year, two years or more.

Q. Well, have you made any study to determine whether the failure to use a company owned piece of equipment in the first instance for a particular movement has made it necessary to use more than you would ordinarily use in the way of leased equipment from particular destination points?

A. Well, that would be ridiculous for us to do that. In the first place, we do not scramble our equipment, which that particular operation that you describe would mean. We would have to scramble our equipment. We would never know, nor would any terminal manager know how much equipment he could count on in any one day.

Q. Then you do allocate equipment specifically?

A. I already said we did.

Q. I did not understand you to say that previously in response to a previous question.

A. Yes.

[fol. 1890] Mr. LaTourette: That is all.

By Mr. Jessup:

Q. I have just a couple questions, Mr. Gotfredson. Now, on the 150 owner-operators that you use, you use a good many of those regularly, as I understand, pretty regularly?

Mr. Ellis: Just a moment. I want to object to it for this reason. There have been several statements here and it is a misinterpretation of the evidence, that the witness only uses 150 hired operators he did testify that during the latter part of October he was using about that number, particularly the week or two when he made a study to determine how many were former service men, but he never intended to convey the impression that he uses 150 hired operators, only he sometimes uses more. I am objecting only for the purpose of clarity, not to the question.

Mr. Jessup: I understood he had indicated that he had

used about 150 different operators, and that is why I asked the question.

By Exam. Lawton:

Q. You did not mean to convey that impression, Mr. Gotfredson, that you had any definite number?

A. No, there is no definite number. For that particular period we used 150.

By Mr. Jessup:

Q. That is representative of what your normal operation calls for, as I understand.

A. Well, it may call for that number or more or less.

Q. Well, am I correct in my understanding that you use generally repeats, I believe is the word that was called [fol. 1891] here, that the same operators operate for you pretty regularly?

A. Well, we try to have our operators come back to us, sometimes they do and sometimes they do not. It is up to them.

Q. Now, then, you have indicated that you are definitely opposed to the abolition, the abolishment of leasing altogether, or any rule which would prohibit leasing.

A. Well, I stated that we were opposed to the abolition of the trip lease.

Q. The trip lease, excuse me, the trip lease.

A. And that if the trip lease were abolished then all types of leasing should be abolished.

Q. If the trip lease were permitted, under certain conditions, I note that you examine the equipment before it is used, you use a truck manifest which names the driver?

A. That is right.

Q. A complete record of each trip made, that you have a log filed for each trip.

A. Right.

Q. Any regulations embracing those requirements would not be objectionable to you.

A. No.

Q. Is that the way I understand it?

A. Perfectly all right.

Mr. Jessup: That is all. Thank you.

[fol. 1892] Exam. Lawton: If there is nothing further, you are excused. Thank you.

(Witness excused.)

Exam. Lawton: Exhibits Nos. 19 to 21 are received in evidence.

(Respondent's Exhibits 19 through 21, inclusive, Witness Gotfredson, received in evidence.)

KENNETH G. FOSTER, JR. was sworn and testified as follows:

Direct examination.

By Mr. LaTourette:

Q. Will you state your name and your address and your occupation?

A. My Name is Kenneth G. Foster, Jr. I am the vice president and general manager of Foster Freight Lines. General offices are located at 480 South Capitol Avenue, Indianapolis, Indiana.

Q. Your company is a common carrier engaged in transporting general commodities in interstate commerce, is it?

A. It is.

Q. Will you name your certificate number?

A. MC-1793.

Q. Generally, where does the company have its operation?

A. Between principal points, Chicago, Illinois, Indianapolis, Indiana, Cincinnati, Ohio, Dayton, Ohio, Louisville, Kentucky, St. Louis, Missouri.

Q. Approximately how many units of equipment does it operate?

[fol. 1893] A. We own and operate 250 unit pieces.

Q. How many employees does the company have?

A. Approximately 350.

Q. What type of schedules with reference to frequency of operation does it engage in?

A. We engage in daily operation between all points, principal points we serve.

Q. Have you prepared a statement which you wish to read into the record in this case, expressing your views?

A. Yes, I have.

Q. With respect to the various rules proposed by the Commission in this proceeding?

A. Yes, I have.

Q. Will you proceed to read the statement?

A. Unregulated leasing practices between owners of motor vehicles and authorized carriers of property regulated by the Interstate Commerce Commission and shippers or buyers of products, is the greatest threat to the stability of the for hire trucking industry in this country today. Our company believes that all carriers who hold a certificate of public convenience and necessity or carriers who are authorized to carry certain products under contract should automatically create an equal balance of responsibility to that of the public trust granted them. The responsibility of an authorized carrier can be broken down into two important parts: first, as responsibility of the carrier to the [fol. 1894] general public to build, control and police safety on the highways and in the cities; second, the responsibility of developing a sound economical transportation service to the interest of that part of the public which utilizes and depends on an even and regular flow of products at the lowest cost consistent with the transportation policy declared by Part 2 of the Interstate Commerce Act.

We recognize that the Commission or an authorized carrier for hire will agree with this broad and general definition of responsibility which they should accept. Yet, we know that there are many carriers who will circumvent their intended responsibility by engaging in certain practices within our operations that completely disregard the responsibility they owe the general public.

Exam. Lawton: Off the record.

(Discussion off the record.)

Exam. Lawton: On the record.

Go ahead.

A. Trip leases and short term leases between authorized carriers and private owner-operators generally referred to as the itinerant or gypsy cannot be consummated with-

out to some degree a disregard of the minimum safety requirements and regulations laid down by the Interstate Commerce Commission. We make this statement for the reason our company operates our own equipment, regularly leased equipment, and trip lease equipment. We know [fol. 1895] that if we are honest that there is no comparison to the time and effort given a new applicant for drivers position and that of the time and effort given to checking the responsibility of a trip lease operator. We know that a minimum of one week is spent in checking references, giving examinations as to the knowledge of Interstate Commerce Commission Rules and Regulations, reaction tests, physical examinations, in checking the ability and the actual experience of the applicant as a driver of a motor truck.

By Mr. LaTourette:

Q. That is in the instance where Foster Freight Lines itself employs the driver.

A. That is where we employ the driver. This compares with what a few minutes of gathering information from a leased operator who is hired under agreement to transport over the road pickup and deliver a load of freight.

By Exam. Lawton:

Q. Still your hire him.

A. How is that?

Q. Still you hire him.

A. That is right. Certainly, this trip lease practice which so many of we operators engage in does circumvent our full responsibility in part that we should owe to the public. We know also that there are many carriers that do not own any of their own equipment who engage entirely in the practice of leasing owner-operators to transport all of their tonnage. In many cases this type of operator publishes with the Commission a reduced scale of rates [fol. 1896] that would not be made by an operator who does operate his own equipment. The reasons, of course, are obvious when considering the facts that perhaps without financial investment and equipment can eliminate the cost of personnel and safety departments, the necessary

records to keep social security, income tax deductions, and many other types of employment records, such as vacations and paid holidays, and everything that goes with our normal run of employee relation. Also, with this operator, it is not necessary to maintain terminals and personnel to operate them because in most cases these operators specialize in the handling of truckload volume accounts, which practice in our opinion is in violation of the public convenience and necessity permit given them by the Interstate Commerce Commission because in effect these operators place an unauthorized embargo on LTL Traffic which if handled would require terminal facilities, which of necessity would require an additional amount of investment either from a lease obligation or a capital investment. This type of operator does create a bad economic condition within the industry, and if the full responsibility is accepted by all authorized carriers as for as the general public is concerned then it will also be necessary to eliminate those practices within the industry that tend to tear down its economic structure. Our company has lost a considerable amount of tonnage to trip lease operators. There again I am talking about the operator who utilizes trip lease [fol. 1897] individual owners.

By Exam. Lawton:

Q. Do you mean the trip lease carrier rather than the trip lease owner-driver, is that what you mean?

A. That is correct. Because of the lower rates that they have published and since it is impossible to meet these rates with the use of our own company, company-owned equipment, we of necessity must engage in the same practice of trip lease, which we are speaking against. The territory which we operate in has always been considered highly competitive, but if all of the carriers who are authorized in this territory had a financial investment in their equipment, and should accept responsibility of taking a long term lease agreement between the individual owners-operators we feel sure that all traffic within the territory would be properly handled and it would not require the need of trip lease agreements to handle the overflow tonnage. There are enough carriers in our particular territory that

if one should become over-burdened in any one day, or any period of time, there would be plenty authorized carriers that could be contacted by the shippers for transportation of their wares. The general practice now among the carriers who utilize the services of owner-operators for a single trip take care of their own overflow tonnage in this manner, yet there might be many other authorized carriers who will dead-head or run empty equipment out of the same terminal.

When considering the question as to what should be done we recommend that during a peace time economy that trip [fol. 1898] leases be abolished, that leases can be entered into between carriers and owner-operators subject to a minimum time, and we have suggested here 60 days. This will allow carriers to take care of reasonable and seasonable volume of traffic. We believe that there should be certain exceptions to these above requirements only, however, after there have been an application made by the carrier to the local district offices of the Interstate Commerce Commission setting forth the circumstances that make necessary the deviation from the minimum requirements on this broad subject of leasing. It is reasonable to assume that the Commission will permit deviation when in the public and economic stability of the industry. We believe that the same limits should be applied to the leasing of equipment to shippers who transport their products in interstate commerce.

By Mr. LaTourette:

Q. Mr. Foster, have you had it come to your attention in your operations that the so-called lease operators upon arriving at one of your terminals will endeavor to secure a load outbound from your company to another destination from that very terminal?

A. Yes.

Q. Could you give us some illustration of that, if you have had any within the last few days?

A. Well, that is more or less a general practice, I believe, when a carrier, common carrier trip lease operator will come in to the terminal, and he has unloaded, why, of [fol. 1899] course, he contacts you to see if you might have a load going to some other point.

Q. Have you had occasion to have offered to you the services of any leasing companies who engage drivers, which drivers may operate in one instance transporting for a shipper, and in other instances seeking loads from a carrier for hire?

A. Yes.

Q. Have you had any situations like that recently?

A. Yes.

Q. Could you give us some idea of just how that operates?

A. We ran into a situation when paying a driver, of the driver, requesting that the check be made payable to a leasing company.

Q. What was the name of the company?

A. I think it was the General Leasing Company.

Q. Do you know where their headquarters are?

A. It was close to Chicago. The information that we had is that the tractor which pulled the trailer was owned by an individual in Indianapolis, who in turn leased it to the General Leasing Company, and the General Leasing Company had in turn released it to a feed company.

Q. Do you know the name of the feed company?

A. I think the Arcadia Feed Company. The question was asked the driver who he was employed by, and he was employed by the Arcadia Feed Company. The trailer was also leased to the Arcadia Feed Company, and I believe [fol. 1900] had the signs of the Arcadia Feed all over the trailer. This operator I believe handled some, a load for the Arcadia Feed Company, and then handled several loads for common carriers and before ever returning to his home base.

By Exam. Lawton:

Q. Is that Arcadia Feed Company, is that a carrier?

A. I don't know.

Q. The presumption is that it is not a carrier?

A. The presumption would be that it was a manufacturer of feed. I don't know.

By Mr. LaTourette:

Q. As you understand that situation, there were sub leases entered in to, the original owner leased the vehicle

to the General Leasing Company which in turn subleased it to the feed company, and then the vehicle was used in the service of common carriers after it had completed its run for the Arcadia Feed Company?

A. And the directions, as I understand, came from the General Leasing Company as to who this man should operate for.

Q. Now, did that situation come under your personal observation?

A. It did.

Mr. LaTourette: That is all.

Exam. Lawton: Is there any cross-examination?

Cross-examination.

By Mr. Floyd:

Q. Just one or two questions, Mr. Foster. You spoke [fol. 1901] very positively that you were opposed to trip leases. Do you have reference to only general commodity carriers when you make that statement, or do you refer to such specialized type of carriers as heavy haulers?

A. My experience is in the general hauling type of carriers, such as common carriage.

Q. And you had no intention of directing that statement to such a specialized type of carrier as heavy haulers or household goods?

A. I have no knowledge of that operation.

Q. You have no knowledge of that particular type of operation?

A. No.

Q. That would be true of all the statements you made on direct?

A. That is correct.

By Mr. Lordan:

Q. Do you keep your cost experience records in accordance with the uniform classification of accounts described by the Interstate Commerce Commission?

A. Yes, we do.

Q. You have a certificate from this body, the Interstate Commerce Commission?

A. Yes.

Q. Would your cost experience be the same if you operated entirely your own equipment as compared to your present operation where you operate partly owned equipment, partly on long term leases and partly on short term leases?

[fol. 1902] A. Yes, I would say that it would be affected to a certain extent.

Q. Your cost experience would not be the same in those two situations that I described?

A. When comparing our present type of operation, as comparing it if we did operate all our own equipment, there would be a different cost factor, yes.

Q. Hence any rate applied for to any regulatory body would reflect what that cost experience was?

A. Correct.

Q. But in the case of an operator using or utilizing any other *other* owner-operators or predominantly so, his cost experience would be entirely different than yours.

A. That is right.

Q. Assuming he moved the same commodities, the same number of miles?

A. That is right.

Q. And, therefore, any rate determination by that regulatory body would not truly reflect what the actual conditions were in the business?

A. That is right.

By Mr. Diehl:

Q. Did you describe in area in which your company operates?

A. Yes, between Chicago, Indianapolis, Cincinnati, Dayton, Louisville and St. Louis.

[fol. 1903] Q. How often have you had occasion to run into the general leasing company experience that you described a few moments ago in response to a question by Mr. LaTourette?

A. That was my first instance.

Q. That was the only instance?

A. Yes. In other words, I say, I was only attracted to it from the fact that it went quite far; in other words, there was releasing of equipment.

Q. I was interested in the number of times you had run across that situation. You told me that is the only one.

A. That is correct.

Q. When was that?

A. Not long ago.

Q. Approximately?

A. About a week ago.

Mr. Diehl: That is all.

Mr. Ellis: I have no questions.

By Mr. Idol:

Q. Mr. Foster, are you familiar with the A. T. A. recommendations for leasing, recommendations?

A. I have read the recommendations of A. T. A.

Q. Well, you heard the testimony of Mr. Gotfredson.

A. Yes.

Q. Concerning his method of operation in trip leasing?

A. That is right.

Q. That is a tighter type of regulation than you presently employ, in other words, he takes more pains with the [fol. 1904] selection of his trip lease operators than you do?

A. I don't know what he does.

Q. Didn't you hear his testimony?

A. But from my experience in dealing with the other operators and talking with other operators, we all conduct trip leasing on about the same basis.

Q. If you were required to get a doctor's certificate or a copy of one in your files before you hired a man, if you were required to have an examination of the equipment before you hired a trip lease operator, would that be a tighter procedure than you are following today?

A. No.

Q. I believe your testimony was to the effect that you just took a few minutes to hire a trip lease operator.

A. It only takes a few minutes to check the physical certificate of an individual, and on that occasion you do not know who the doctor is that has certified that individual. All of our applicants are examined by our own company physician designated by our company. We have our applicants fill out an application, they go into quite detail

with regard to their past employment record and something about themselves. That we do not require from a trip lease operator because of the natural, because of the length of time that is involved. We give our drivers examinations upon, and tests upon the safety rules and regulations.

[fol. 1905] Q. I am not inquiring as to the difference between your method.

A. I see.

Q. I am not inquiring as to the difference between your method of treating your own employees and trip lease operators, but just the procedure you follow presently with trip lease operators.

A. The trip lease operators, we check their physical examination if they have one, I mean their report, and also we check to the best of our ability their equipment, and we check that, and that check of necessity can't be adequate enough in that length of time.

Q. If you made an adequate check of equipment you would be tightening up your present practice.

A. If we would spend about two hours in preparation of every trip lease operator, yes, we would improve our method of handling trip leases.

Q. Have you made any study as to the safety record of trip lease operators as contrasted with your own men?

A. We haven't made any study whereby that there could be any comparison drawn. We do know, of course, that as far as our——

Q. You are going beyond my cross-examination, Mr. Foster.

Exam. Lawton: Please don't go beyond. Just answer the question and stop. That makes a good witness to do that.

A. Thank you.

Mr. Idol: That is all I have.

[fol. 1906] By Mr. Pieroni:

Q. Do any of your company certificates limit your operation to one way movements?

A. No.

Q. And do you object to trip leasing between authorized carriers?

A. I do not believe I could answer that question unless you define the full meaning of trip leasing. Does that mean also the hiring of the driver; who is operating the truck?

Q. That is right.

A. Yes, I would object to that.

Q. Why do you object to that?

A. I only object to it to the extent, as stated herein, in my direct testimony, and then I gave an out, that if a proper application was made to the local offices of the Interstate Commerce Commission that the over-all public interest could be handled and checked in to.

Q. What is the purpose of an application to the local office of the Interstate Commerce Commission?

A. For expediting.

Q. Expediting what?

A. For expediting the handling of such permits of deviation.

Q. You mean you would require a permit for each trip-lease?

A. No, there would be certain requirements laid down by the Commission to the operator to follow when engaging in that particular practice.

[fol. 1907] By Exam. Lawton:

Q. That was in connection with your suggestion that trip leasing be prohibited, and leasing be allowed for a minimum period of 60 days, is that right?

A. Yes, and any exceptions to that, then they would make an application to the Commission and the Commission could set up certain rules and regulations governing these exceptions.

Q. In other words, to grant relief from this minimum requirement?

A. That is right.

Q. In an emergency?

A. That is right.

Exam. Lawton: That is all.

Mr. LaTourette: That is all.

Exam. Lawton: You are excused.

(Witness excused.)

Exam. Lawton: We will take five minutes recess.

(A short recess was taken.)

[fol. 1908] Exam. Lawton: We will come to order, gentlemen.

Mr. Copley: Mr. Examiner, I would like to enter my appearance. L. V. Copley. My office is 1200 Dierks Building, in Kansas City, Missouri. I am an attorney-at-law, licensed to practice before the Commission. I would like to enter my appearance for C. H. Cox Truck Leasing, 552 South 4th Street, Kansas City, Kansas.

Mr. Waples: Mr. Examiner, may I enter my appearance? H. J. Waples, 2850 Penobscot Building, Detroit, Michigan, and I am duly admitted to practice before the Interstate Commerce Commission. I am an attorney. I am entering an appearance for Bridgeways, Inc.

Exam. Lawton: Is that a carrier?

Mr. Waples: A carrier, Your Honor.

Exam. Lawton: You may proceed, Mr. Jones. The Examiner understands we will have to vacate the room by 5:30. See if we can't get through with these witnesses from Denver.

R. B. Wilson was sworn and testified as follows:

Direct examination.

By Mr. Jones:

Q. State your name and address.

A. R. B. Wilson. Denver, Colorado.

Q. The name of your company?

A. R. B. Wilson Company.

Q. What is the nature of your company's business?

[fol. 1909] A. Petroleum transportation in bulk.

Q. Your headquarters are where?

A. Denver, Colorado.

Q. How long have you been engaged in that business?

A. Seventeen years.

Q. You use tank trucks exclusively, do you not?

A. Yes, sir.

Q. Will you state what approximate investment you have in terminal facilities?

A. Approximately $125,000.00.

Q. And what investment do you have in revenue equipment?

A. Book value around $200,000.00.

Q. In what states do you operate, Mr. Wilson?

A. Colorado, Wyoming, South Dakota, Nebraska and Kansas.

Q. Have you prepared an exhibit showing the tons of freight which consists of petroleum products in bulk?

A. I have.

Q. For the first nine months of this year, in company owned equipment?

A. Yes, sir.

Q. Also in leased equipment on long term basis?

A. Yes, sir.

Q. And on equipment on a trip basis?

A. Yes, sir.

Exam. Lawton: That will be identified as Exhibit No. 22.

[fol. 1910] (Respondent's Exhibit No. 22, Witness Wilson, marked for identification.)

By Mr. Jones:

Q. Mr. Wilson, in connection with the exhibit showing the amount transported in company owned equipment, will you state whether or not there is any equipment that is in there that is not company owned?

A. Yes.

Q. What is the nature of that equipment, I mean the nature of the agreement as to the lease of that equipment?

A. That is a long term lease, by monthly lease.

Q. Is that on a time period, is it leased by the month?

A. Yes, sir.

Q. Regardless of the use you make of it you pay the compensation by the month?

A. That is correct, yes.

Q. Now, on the tonnage which you hauled under the contract which you have designated as on a long term lease, percentage of revenue basis, what do you mean by that term?

A. That is owner-driver equipment.

Q. That is where it is owned by some individual person who leases the equipment to you and operates it himself?

A. That is correct, yes.

Q. And what is the basis of the rental which you pay for the equipment?

A. A percentage.

[fol. 1911] Q. Of the revenue?

A. Yes, sir.

Q. Now, concerning your trip leases, do you lease equipment from other authorized carriers?

A. From other authorized carriers, yes, sir.

Q. Is that the sole extent of your trip leasing?

A. That is correct.

Q. You do not trip lease from owner-operators?

A. No, sir.

Q. And what is the basis of the rental on your trip leases from other authorized carriers?

A. That is a percentage deal also.

Q. If these other authorized carriers that you mention—are they authorized and serve the same points that you are authorized to serve?

A. Yes, in most cases I think they are.

Q. It may be both ways, is that right?

A. It could be both ways.

Q. Generally speaking, they are authorized in the same territory, is that correct?

A. That is correct.

Q. Now, how many pieces of equipment have you been operating in the past three months?

A. About ninety some pieces of equipment.

Q. Now, I notice that the number of company owned pieces is rather a small part of that total number of pieces [fol. 1912] of equipment used. Will you state whether or not that is a normal situation in your company?

A. Ordinarily not. We had some new business this last

six months, since April, and that was the way we handled it, on this lease deal.

Q. Ordinarily what is your practice as to percentage of company owned equipment as to your entire fleet?

A. I think it ran about two-thirds owned and approximately one-third leased.

Q. And you expect that the situation will return to normal as you are able to put in use more of your own equipment?

A. I think so, yes.

Q. Now, what is the occasion for your company leasing equipment on a long term basis?

A. Well, we have scattered terminals or sub-terminals that we have found out that it is better for us to operate leased equiment out of those places than it is to run our own.

Q. Well, why?

A. Well, they take full charge of it in each case, it is an owner-driver deal; we generally send a man up to dispatch from our organization, and so on, and so forth, kind of head it up.

Q. Let me ask you why, Mr. Wilson, or whether or not those drivers are on your payroll, as employees?

A. They are as employees, yes, sir, all of them.

[fol. 1913] Q. You pay them a salary corresponding to the same scale you pay drivers who drive company owned equipment?

A. Yes, sir.

Q. And then rent their equipment on a percentage of the revenue?

A. That is right.

Q. Do you pay their social security, withhold the tax, and all of those things?

A. Yes, sir.

Q. State what particular advantage, if any, it has been to your company in availing yourself of leased equipment?

A. Well, the fluctuation of the petroleum business, especially gasoline, in our territory, the tourist influx for sixty or ninety days in the summer time is quite a difference in the volume of business at certain points.

Q. You have some examples of that, Mr. Wilson?

A. I have three. The town of Estes Park.

Q. Colorado?

A. Estes Park, Colorado, yes, sir. The month of July, 1948, they used 151,960 gallons.

Q. That is that you hauled?

A. That we hauled, yes. In August, 205,230; in the month of November, 60,280. Jackson, Wyoming, is another point. July, was 92,000 gallons; August, 140,650, and November nothing, no shipments at all. Cody, Wyoming, July 186,465 gallons; August, 241,365, and the month of November, 55,250.

[fol. 1914] Q. Is it possible for you to maintain a fleet of company owned equipment to take care of those fluctuating accounts?

A. No, I don't think so.

Q. Would you be able to operate and give the proper service to your customers and economically survive doing it entirely with your own equipment?

A. I don't believe so, no sir.

Q. Are there other similar situations of which these are good examples? I don't care for the names, but that is typical of your operation in the territory?

A. Yes, there are other points, yes, sir.

Q. Are there fluctuations also caused on account of farm crop harvests?

A. Very definitely, yes.

Q. Do those fluctuations sometimes happen at different periods of the year, and to different operators at different times?

A. Yes, I would say it does.

Q. Now, what is the occasion for your trip leasing equipment from other authorized carriers?

A. Well, in a case where there is a heavy shipment for two or three days, there is the possibility that somebody might have some equipment that they could use to take some other delivery that we might have.

Q. Then you run across situations where you have an exceptionally heavy movement for a few days, and some other carrier in that territory may have some idle equip-

[fol. 1915] ment?

A. That is right.

Q. And those are the occasions in which you trip lease from other carriers?

A. That is correct, yes.

Q. Do you also trip lease back to other carriers in the samen manner?

A. Yes.

Q. Is that a general practice between petroleum carriers in the territory which you have mentioned?

A. Yes, very definitely.

Q. Now, have you read the proposal submitted by American Trucking Associations which have been presented in this record as Exhibit No. 10?

A. Yes.

Q. State what your position is relative to the proposal of the American Trucking Associations?

A. I think that would be all right for us.

Q. In that connection have you paid particular respect to the provision embodied under Rule No. 12, which provides for a deviation from the rules through an application to the District Office of the Bureau of Motor Carriers?

A. Yes.

Q. And do you feel that that would safeguard your interest in taking care of emergency shipments?

[fol. 1916] A. I think it would, yes, sir.

Q. Are you cognizant of the fact that the rules other than for the deviation therein provided, would require a written lease in all cases before any leased equipment is used?

A. Yes.

Q. And would that be possible in all instances?

A. Not in all instances, but except for emergency it would, yes.

Q. And the emergency you feel you could handle through the district office?

A. Yes, I think we could.

Q. Your purpose in coming here today is to support the proposal of the American Trucking Associations?

A. That is right.

Q. And to show by your experience that it is necessary for the continuation of both trip leasing and long term leasing?

A. Yes.

Q. You have no interest in trip leasing from owner-operators so far as you are concerned?

A. No, sir, we have not.

Q. Are you familiar with the operations of the M & M Truck Company of Denver, Colorado?

A. Yes, sir.

Q. How do you obtain that familiarity?

A. We have the same terminal in Denver; we operate out of the same terminal.

[fol. 1917] Q. Are you thoroughly familiar with all of their equipment?

A. I think so, yes.

Q. And their method of operating?

A. Yes.

Q. Do you trip lease equipment from them?

A. Yes.

Q. And you also lease some of their equipment on long term basis?

A. Yes.

Q. I will ask you, Mr. Wilson, whether or not the same accountant who prepared Exhibit No. 22, prepared a similar exhibit on behalf of M & M Truck Company?

A. Yes, he did.

Q. Is that accountant jointly employed by the two companies?

A. He is, yes, sir.

Mr. Jones: May we have that identified as an Exhibit for the M & M Truck Company?

Exam. Lawton—It will be No. 23.

(Respondent's Exhibit No. 23, Witness Wilson, marked for identification.)

By Mr. Jones:

Q. Exhibit No. 23 is the information prepared by that accountant?

A. That is correct, yes, sir.

Q. Will you state what territory is served by the M & M Truck Company?

[fol. 1918] A. Colorado, Wyoming, Nebraska, Kansas and

Texas. I notice Texas is not on this exhibit but they do operate in Texas.

Q. They do serve Texas?

A. Yes, sir.

Q. Are you also familiar with the operations of H. B. Bryan, doing business as Melton Transport Company, Cheyenne, Wyoming?

A. Yes, some, yes.

Q. In what territory does that company operate?

A. Colorado, Wyoming and Nebraska, I believe, and a little bit of South Dakota.

Mr. Jones: Now, I would like to have an exhibit, prepared for Bryan, identified as Exhibit No. 24. I have no further identification for it. If there is any objection to it, I realize it is not acceptable in evidence.

Exam. Lawton: Is there any objection?

It may be identified as Exhibit No. 24.

(Respondent's Exhibit No 24, Witness Wilson, marked for identification.)

By Mr. Jones:

Q. State, Mr. Wilson, whether or not you have had various conferences with the other petroleum carriers in the territory in which you operate and which you have described?

A. Yes, I have.

Q. Are you here as a representative of the industry in that area?

A. Yes.

[fol. 1919] Q. And have been authorized to speak for the other petroleum carriers?

A. Yes, sir.

Mr. Jones: I offer Exhibits Nos. 22, 23 and 24 in evidence.

Exam. Lawton: Hearing no objection, the exhibits are received in evidence.

(Respondent's Exhibits Nos. 22, 23 and 24, Witness Wilson, received in evidence.)

Mr. Jones: I offer the witness for cross-examination.

Cross-examintation.

By Mr. Eldred:

Q. Mr. Wilson, in connection with the operations of your own trucks, what percentage of them are returned empty?

A. Almost all of them.

Q. Is that true with all the equipment you either lease, or lease from other carriers?

A. As a general rule, yes, sir.

Q. That would be true in connection with the operations of the other two carriers that you speak of?

A. Yes, I think so.

Q. Now, what do you mean by long term leasing?

A. Do you mean how long?

Q. Yes.

A. Six months are our leases.

Q. What is the cancellation date?

[fol. 1920] A. Thirty days.

Q. Now, what happens to this equipment when you are not using it?

A. Well, I guess it is idle.

Q. Who owns the equipment?

A. In our cases, the drivers practically 100 percent.

Q. The drivers own the equipment?

A. Yes.

Q. What do they do in the winter time when you are not using them, the other six months we will put it, they are not under lease to you?

A. Well, they are kept partially busy in the winter.

Q. By whom?

A. By us part of the time.

Q. Well, do they make a living?

A. They all have, yes, sir.

Q. Well, then, why couldn't you own the equipment then?

A. Well, we always have owned the majority of our equipment until this year.

Q. Then the business increased so much you could not get the equipment, or what?

A. That is correct, yes.

Q. Do you have any objection to owning the equipment necessary to conduct your business?

A. No, I don't think so.

[fol. 1921] Q. Now, where is the origin point of the gasoline that you transport to Estes Park?

A. Cheyenne, Wyoming.

Q. Is that also true of the gasoline going to Jackson and Cody?

A. No, sir, that comes from Casper, Wyoming.

Q. What is it, a terminal of an oil company that you obtain it from at Casper and Cheyenne?

A. A refinery at Casper and a pipe line terminal at Cheyenne.

Q. Would that traffic at Jackson and Cody by considered intrastate traffic?

A. Yes, it is.

Q. Now, you stated that you were familiar with the provisions, the recommendations of the American Trucking Associations. Would you tell us, in your opinion how, if those recommendations were put in effect, they would improve the present situation?

A. In my case I don't see that it would.

Mr. Eldred: That is all, sir. Thank you very much.

By Mr. Lordan:

Q. Would a rule of this Commission which required your company—I am looking at the analysis of your company as set forth by you in Exhibit 22—either to own its own equipment, number one, or, two, lease it on six months term basis, or, three, lease it from some other authorized carrier, adversely affect your operation?

A. We would rather lease it on a long term.

[fol. 1922] Q. My question was whether or not a rule, if issued by this Commission which would require your company to either, one, own its own equipment, or, two, operate its equipment under a lease which would be no less than six months duration, or, three, obtain such other equipment as it might need from another authorized carrier, which agreement was to be in writing, would that type of rule affect your company adversely?

A. No.

Q. If it provided for all three of those alternatives?

A. No, I don't think so.

Q. Mr. Wilson, your accountant prepared Exhibit 22?

A. Yes, sir.

Q. I notice in adding the percentages of the totals of tonnage hauled you have total tonnage of 251,786, of which you hauled 32.9 percent in your own equipment, is that right?

A. Yes, sir.

Q. And 52.5 moved in long term leased equipment from owner-operator?

A. Yes.

Q. And 4.6 percent in equipment which you leased or obtained on short term basis from other certificated operators?

A. Yes, sir.

Q. That only adds up to 90 percent. Who moved the other 10 percent of your tonnage?

Mr. Jones: I think there must be an error.

[fol. 1923] A. I didn't check that; I don't know.

By Mr. Lordan:

Q. Do you mean the accountant made a mistake?

Mr. Jones: Either that, or maybe in my office when it was transcribed.

Mr. Lordan: No further questions.

Mr. Wheeler: I have no questions.

By. Mr. Todd:

Q. Mr. Wilson, when you use the equipment of other authorized carriers, or they use your equipment, does the driver stay on the payroll of the carrier who owns the equipment?

A. He does, yes.

Q. And under those circumstances doesn't the driver who owns the equipment have him as his employee?

A. Would you read that question?

(The question was read.)

By Mr. Todd:

Q. That should be the carrier who owns the equipment?
A. That is on these other authorized carriers, you mean?
Q. Yes.
A. Yes, sir.
Q. He pays the social security taxes, and workmen's compensation, and other payroll taxes.
A. Yes.
Q. And during the entire time those vehicles are being used, are they not covered by insurance from some authorized carrier, either your insurance when you are using them, [fol. 1924] or if you are not using them the insurance of the carrier who owns the truck?
A. Yes, sir.

Mr. Todd: That is all. Thank you.
Mr. Jones: I have one or two questions on redirect.

Redirect Examination.

By Mr. Jones:

Q. It is true, is it not, Mr. Wilson, that when that truck is leased to you either on long term basis or trip basis, that you accept full responsibility for that piece of equipment?
A. That is correct, yes.
Q. Now, is it also true that in some cases where you have equipment leased on long term basis from drivers that that equipment was formerly owned by you and sold to the driver?
A. That has happened, yes.
Q. Will you state why you did that?
A. Well, it seemed like it was all right with us, and these particular drivers in a lot of cases, that they thought they could do better doing that way.
Q. My attention has been called on Exhibit No. 22, that the item, Tons Transported in Other Equipment, long term leases, percentage of revenue basis, should be 62.5 percent instead of 52.5. That is where the error is.

Exam. Lawton: That is Exhibit 22.
[fol. 1925] Mr. Jones: It should be 62.5 instead of 52.5.
Exam. Lawton: Do you have any further questions?

Mr. Jones: No further questions.

Exam. Lawton: If there is nothing further you are excused.

(Witness excused.)

WALTER UTZINGER was sworn and testified as follows:

Direct Examination.

By Mr. Jones:

Q. State your name and address, please.

A. Walter Utzinger, Craig, Colorado.

Q. The name of your company?

A. J. J. Stanton Transportation Company.

Q. How long has that company been in operation, Mr. Utzinger?

A. 22 years.

Q. How long have you been associated with the company?

A. Since 1940.

Q. Are you the owner of the company?

A. I am.

Q. And what is the nature of the business of that company?

A. We haul a limited amount of general commodities in a limited territory.

Q. Irregular route?

A. Over irregular routes, irregular schedule, and heavy equipment, oil field equipment, and some petroleum products in limited areas throughout the States of Colorado, [fol. 1926] Wyoming and Utah.

Q. What, approximately, do you have invested in terminal equipment?

A. Upwards of about 70 thousand dollars.

Q. Does that include a terminal building?

A. I lease the garage building and warehouse, valued at about 70 thousand dollars.

Q. Approximately how much do you have invested in revenue equipment?

A. Oh, about 150 thousand dollars, 160 thousand dollars.

Q. State whether or not you lease any equipment belonging to others?

A. Yes, we do.

Q. Under what circumstances and conditions?

A. Well, the oil fields are widely scattered throughout the three States and the development might be what is termed as wild cat, that is an exploratory well. You can't station equipment near those wells because there is not enough hauling to be done immediately right there, so it is quite often necessary to hire trucks that are close to that drilling location to handle emergency shipments.

Q. What kind of emergencies do they have in the oil field, Mr. Utzinger?

A. Well, I can give you an example. For instance, throughout these areas, with the oil companies and supply companies, we station stocks of drilling mud for circu- [fol. 1927] lation in the oil wells. They have to guess how much to station here and there, and they might run out, and we have to go to a different terminal, storage terminal and haul it there, and if we can't get a truck immediately from our headquarters we have to get a truck from some other point close to that location.

Q. Well, have you had an experience just recently where the movement of drilling mud was essential on a few hours notice?

A. Yes, a location near Green River, Utah, and the well had a lot of gas pressure and it was going to blow out, and if it did it would have cost two or three or four hundred thousand dollars. We hauled all the stock of mud, wet material mud from Craig, Colorado, to Thompson, Utah, and exhausted our stock. We leased trucks from Price, Utah, where they had another stock of mud and we exhausted those, and then we leased trucks of Rock Springs, Wyoming, where they had another stock, and got it down there and saved the well, but a matter of two or three hours would have lost it.

Q. Now, in those cases, did you have time or opportunity to enter in to a written lease with those other truck owners before starting the service?

A. Oh, no, we had to call them by telephone in the middle of the night.

Q. Now, those are on a trip lease basis?

A. That is right.

[fol. 1928] Q. Were those leased from other authorized carriers?

A. Yes, one from Wyoming was an authorized carrier, the one from Price was not.

Q. And on what basis, what did you pay rental for the use of these trucks?

A. We charged them our cost, approximately cost of operation.

Q. Well, is it a percentage of the total revenue?

A. Of the revenue.

Q. That you subtract only your cost and give them all the rest of the revenue?

A. We attempt to make no money out of a leasing arrangement. Our leasing arrangement is purely to serve the public.

Q. And is it essential in the proper conduct of your business and the service to your customers, to the public, that you be enabled to continue leasing either on a trip basis or otherwise, and on any method of compensation which you may choose?

A. Yes. The oil industry would be in a heck of a position of we could not lease at times because most of the oil field operators dover three to 48 States, and they can't be at one place all at the same time, and we have to lease each other and lease other trucks in addition, because there is no way to find out where these oil fields are going to be. We usually center within a general activity of the oil fields but we can't cover all of them all the time.

Q. You have no equipment leased on a long term basis, have you?

[fol. 1929] A. None.

Q. You merely lease only in case of emergency to take care of a particular job?

A. Yes, the peak times.

Q. Now, have you discussed these problems with the other oil field carriers and heavy commodity carriers in your territory?

A. Yes.

Q. And you have been authorized by them to speak for them here?

A. That is right.

Q. Will you state what particular States are covered in the operations of yours and these other carriers?

A. I operate in Colorado, Wyoming and Utah, and the other carriers that I am familiar with that I have talked to operate generally in the States of Colorado, Wyoming, Utah, Montana, Nebraska, Kansas, New Mexico, Nevada, California, Idaho.

Q. The Dakotas?

A. New Mexico and North and South Dakota.

Q. Do they operate substantially in the same manner in which you have already related?

A. Yes, that is right.

Q. Do you do pipe hauling as well as oil field hauling?

A. Yes, we do.

Q. And you also haul other heavy commodities other than oil field?

A. That is right.

[fol. 1930] Q. You are generally concerned with that operation in your testimony here?

A. Yes.

Q. Have you heard certain mention of the A. T. A. proposals?

A. Somewhat, not very familiar.

Q. And do you feel that if through the provisions provided in the case of any rules and regulations being established which would permit a deviation from those rules and regulations in advance through the district director of the Bureau of Motor Carriers that you would be protected?

Mr. Woll: Mr. Examiner, I object. The witness stated he was not familiar with those.

A. May I tell you how much I am familiar?

By Exam. Lawton:

Q. You may give us the background.

A. This is what I understand, that if the A. T. A. proposal, in such a situation we could ask for special permis-

sion to perform these emergencies, and get such permission if they felt that it was necessary. Is that right?

By Mr. Jones:

Q. Well, something to that effect. One of the provisions is the requirement of a written lease in advance of any service performed from which ruling the District Office could grant a deviation to a particular carrier or class of carriers.

A. Yes, if we are allowed to do that.

Q. In other words, if the District Director allowed you to do something different it would be all right? But you [fol. 1931] would be opposed, would you not, to any hard and fast rule subject to no deviation which would require written leases in advance of any service performed, or which would prohibit trip leases?

A. Oh, it would be terrible for the oil industry. They ought to have shipper witnesses here to that effect.

Mr. Jones: Cross-examine.

Exam. Lawton: Is there any cross-examination?

Cross-examination.

By Mr. Nisbet:

Q. Mr. Utzinger, has the Public Utilities Commission of the State of Colorado prescribed any rules or regulations with respect to the leased and interchange of motor vehicles?

A. Yes.

Q. Are you familiar with those rules and regulations?

A. Yes. We make one out every time we lease.

By Exam. Lawton:

Q. Make one what?

A. A lease form prescribed by the P. S. C. of Colorado. We make one out, if we make a verbal lease, why we make one out later on.

Q. That is a report?

A. Yes.

Mr. Jones: Well, it is a written lease, on a form issued by the Commission.

-Y Exam. Lawton:

Q. You mean after the movement has transpired then [fol. 1932] you make the lease?

A. Yes.

By Mr. Nisbet:

Q. In other words, you have occasion as a carrier to comply with the rules of the Colorado Commission?

A. We have to and we do.

Q. Do you find those rules and regulations adversely affect your business?

A. No.

Mr. Nisbet: That is all.

[fol. 1933] By Mr. Floyd:

Q. Mr. Utzinger, in answer to your counsel's question as to whether or not you believed a provision as he explained carried in the A. T. A. proposal which would give you the possible chance of securing emergency permits through the Interstate commerce Commission, I believe you answered that that would probably be all right. Am I correct?

A. Yes.

Q. How much experience have you ever had in securing those emergency permits?

Mr. Lordan: I object on the ground it is not shown in this record there was ever any opportunity to obtain any such emergency permit.

Exam. Lawton: You had better lay a better foundation.

Mr. Floyd: The gentleman testified that he believes that would serve his purpose. My next question was directed to whether or not he ever had experience with securing such a permit; that was my question.

Mr. Jones: There has been no such setup in the past.

Exam. Lawton: The Commission has no such regulation.

Mr. Floyd: There is right at the present moment such provisions made by the Commission for the granting of emergency permits.

Exam. Lawton: For what?

Mr. Jones: Operating authority.

Mr. Floyd: Operating authority.

[fol. 1934] Mr. Jones: That is not what we are talking about.

Mr. Floyd: That is contemplated, if the Counsel please, is contemplated, I understand, by this proposal; it is the same thing.

Exam. Lawton: I would not think that the authorization of leased equipment would be similar to granting temporary authority to serve some territory outside of the territory for which a carrier holds a certificate. I do not see any anaalogy there at all, but you might ask him what experience he has had in getting temporary operating authority.

By Mr. Floyd:

Q. Have you ever had any experience in securing temporary authority?

A. Temporary authority, yes.

Q. Does that meet an emergency demand?

A. No, it does not.

Q. Then if any new regulation might provide for such setup would that meet the demands of the industry that you serve?

A. Pardon?

Q. If such a provision were set up in any new leasing arrangement which the Commission might prescribe, that is, if you had to follow out in any new regulation that was prescribed this same regulation as is now in effect, or similar, to meet your emergency demands, would that satisfy you?

A. No.

Q. Why?

[fol. 1935] A. Because it is too cumbersome, and it is not soon enough. It takes from two to three to four days to get temporary authority. We do not have that much time in the oil industry. You got to do it. Even if we would file we would do it; it has to be done. There is no time. If you are called upon to do something at midnight you